

FEDERAL BUREAU OF INVESTIGATION

Reporting Office EL PASO	Office of Origin EL PASO	Date 4/12/62	Investigative Period 3/29/62 - 4/12/62
TITLE OF CASE BILLIE SOL ESTES; COLEMAN DELBERT MC SPADDEN; HAROLD EUGENE ORR; DUEL WADE ALEXANDER; SUPERIOR MANUFACTURING COMPANY		Report made by [Redacted]	Typed By: clip b6 jcs b7C bg, sac
		CHARACTER OF CASE ITSP - MAIL FRAUD; CONSPIRACY	

Synopsis:

REFERENCES

Report of SA [Redacted]

dated April 5, 1962 at

El Paso.

Report of SA RAYMOND C. ECKENRODE dated April 3,
1962 at Dallas.

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ADMINISTRATIVE

Two additional copies of this report being furnished
the Bureau in view of probable need for additional dissemination
at SOG.

An exhibit control index is being prepared. This
will be for the benefit of the AUSA and will serve as a
ready means of locating all exhibits pertinent to proving

Approved <i>J. G. P.</i>	Special Agent in Charge	Do not write in spaces below	
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		17 APR 27 1962	REC-55

SEE COVER PAGE B

5 - El Paso (29-351)

1cc Dept. (upt)

4-17-62

Time: [Redacted]

51 MAY 18 1962

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[Redacted] (cont'd)
1cc Dup 5/18/62 [Redacted] inc

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ADMINISTRATIVE CON'T

each counts and overt act as set out in the indictment. A volume of exhibits is being prepared for the AUSA. These exhibits will be tied in with the pertinent interviews set forth in this report as well as subsequent reports.

A second report will be submitted upon completion of this investigation or in thirty days, whichever occurs first.

Daily contact is being maintained with AUSA [redacted]. In the event info is developed pointing to other possible subjects, the same Federal Grand Jury, which is on call until early October, 1962, may be recalled to hear additional testimony on this subject.

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By separate letter information received through Dunn and Bradstreet at Dallas, Texas (a confidential source) pertaining to the Superior Manufacturing Company, COLEMAN MC SPADDEN, Lubbock Machine and Supply Company, and the Lester Stone Company, was forwarded AUSA [redacted] at El Paso.

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LEADS

BALTIMORE, CHICAGO, DETROIT, INDIANAPOLIS, LOS ANGELES,
MINNEAPOLIS, and NEW YORK.

Information copies being furnished as investigation previously requested is pending and/or possibility exists of additional requests being made of these offices in the future.

Leads for all auxiliary offices previously set forth by teletype and offices requested to furnish El Paso twenty-five copies of all FD-302s.

DALLAS

AT DALLAS, TEXAS

Advise El Paso results of interview with [redacted]

[redacted] C. I. T. [redacted]

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Furnish El Paso results of your contact with Employers Casualty regarding ammonia tank production by Superior Manufacturing Company and Lubbock Machine and Supply Company.

As set out in referenced Dallas report, will maintain contact with W. G. ELLIOTT, Special Agent in Charge, ASCS, U. S. Department of Agriculture, for any information developed by that office of interest to this Bureau.

AT AMARILLO, TEXAS

Furnish El Paso results of your contacts with the following:

1. [redacted]

[redacted] Estes Enterprises, [redacted]

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2. [REDACTED] C. I. T. [REDACTED]
[REDACTED] Superior Manufacturing Company.
3. [REDACTED] Superior Manufacturing Company
[REDACTED]

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4. Manhattan Life Insurance re ammonia tank production by Superior and Lubbock Machine and Supply.

AT LUBBOCK, TEXAS

Advise El Paso results of your contacts with the following:

1. [REDACTED] Lubbock Machine and Supply Company.

2. Associates Investments Company pursuant to Indianapolis teletype dated April 9, 1962.

3. Caprock Investment and Kuykendall Investments.

4. Any other boiler inspectors identified and interviewed re tank production.

AT ELECTRA, TEXAS

Furnish El Paso results of interview with [REDACTED]
[REDACTED]

AT HEREFORD, TEXAS

Advise El Paso results of interview with [REDACTED]
[REDACTED]

ESTES

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[redacted] Furnish separate
302 on each subject matter.

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Advise El Paso results of interview with [redacted]
[redacted] Associated Growers re receipts and
disbursements this company relating to non-existent
ammonia tanks and information in his possession concerning
Caprock Steel Company.

INDIANAPOLIS

AT FORT WAYNE, INDIANA

Furnish El Paso 302 covering interview with [redacted]
[redacted] General Leasing of Fort Wayne, Inc.

LOS ANGELES

AT LOS ANGELES, CALIFORNIA

Forward El Paso 302 covering recent interview with
[redacted]

MINNEAPOLIS

AT MINNEAPOLIS, MINNESOTA

Forward El Paso results of your contact with
First Acceptance Corporation.

NEW YORK

AT NEW YORK CITY

Forward 302 covering interview with [redacted]
[redacted] Commercial Solvents Company,
[redacted]

ESTES.

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SAN ANTONIO

AT AUSTIN, TEXAS

Will continue to maintain liaison with the office of WILL WILSON, Attorney General, for any information they may develop of possible interest to the Bureau in its investigation and/or other possible violations within the Bureau's jurisdiction. The Attorney General's Office is conducting inquiries into possible antitrust violations on the part of ESTES in that he may have attempted to sell anhydrous ammonia and other fertilizer below cost in an effort to corner the fertilizer market.

EL PASO

AT EL PASO, TEXAS

Will closely follow and report investigation.

Will interview [redacted]

[redacted] Superior, after his return to El Paso on April 16, 1962.

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Will advise WFO at time stop notice, placed in passport files of State Department, re ESTES may be withdrawn.

Will review pertinent records of Superior Manufacturing Company after same received by U. S. Marshal's Office in El Paso.

Will maintain close liaison with AUSA [redacted]

AT PECOS, TEXAS

Will interview [redacted] Farmers Company and/or Estes Enterprises.

Will interview [redacted] officer at First National

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Bank re credit reference letters furnished by this bank to finance companies concerning purchasers.

Will interview GLENN ALEXANDER, purchaser, whose address is Post Office Box 825, Abilene, Texas, but currently traveling throughout West Texas, and expected in Pecos on April 16 or 17, 1962.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - AUSA, El Paso

Report of: [redacted]
Date: April 12, 1962

Office: El Paso

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Field Office File No.: 29-351

Bureau File No.: 29-28704

Title: BILLIE SOL ESTES;
COLEMAN DELBERT MC SPADDEN;
HAROLD EUGENE ORR;
RUEL WADE ALEXANDER;
SUPERIOR MANUFACTURING COMPANYCharacter: INTERSTATE TRANSPORTATION OF STOLEN PROPERTY -
MAIL FRAUD; CONSPIRACYSynopsis: ESTES and MC SPADDEn, with the assistance of
ALEXANDER and ORR, officials of Superior
Manufacturing Company, Amarillo, Texas, carried
out a plan whereby they obtained many million dollars through
financing non-existent anhydrous ammonia tanks. Plan
involved inducing farmers and others in West Texas to sign
notes and chattel mortgages purportedly for the purchase of
ammonia tanks. The twenty per cent down payment, called for
in contract, furnished purchaser. In addition purchaser
given ten per cent of purchase price less down payment as a
fee for use of his name and credit standing. Tanks so purchased
leased to ESTES and MC SPADDEn. Terms of lease similar to
note calling for same monthly payment. Lease payment made
to purchaser who in turn made payment on note. The notes
payable to Superior Manufacturing Company or Lubbock Machine
and Supply Company, were assigned by these companies to twelveThis document contains neither recommendations
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different finance companies, seven of which located in states other than Texas. Finance companies involved contend paper currently held by them generated by ESTES amounts to \$21,845,730.72 and MC SPADDEN \$2,049,978.87. Farmers interviewed contend that they thought tanks actually existed. Following purchase, farmers received letter from Superior Manufacturing Company assuring them in the event ESTES defaulted on lease payments, Superior would re-purchase tanks for balance owing. Farmers, El Paso area, also received letter from Manager, Dan Daniel Chemical Company, Fabens, Texas, acknowledging receipt of tanks. This chemical company is not an active concern and amounts to letterhead stationery only. Tanks represented as chattels not located. Superior Manufacturing Company produced about 3,200 tanks during period October, 1960 through March, 1962. These tanks had four digit serial numbers. Tanks covered in mortgages have five and six digit serial numbers. Portion of ESTES' records and those of Superior Manufacturing Company obtained and reviewed. All subjects arrested March 29, 1962, and currently free on bond. Federal Grand Jury, El Paso, returned True Bill April 5, 1962, charging all subjects in eight counts with violation Sections 2314 and 1341, Title 18, United States Code as well as Conspiracy. ESTES MAY HAVE SUICIDAL TENDENCIES.

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I. OUTLINE OF OFFENSE

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OUTLINE OF OFFENSE

There follows a brief summary of the investigation set forth in this report:

General Plan

With the story that anhydrous ammonia tanks were needed in their businesses, BILLIE SOL ESTES and COLEMAN D. MC SPADDEN, individually or through their agents would proposition farmers and other persons to execute a chattel mortgage and promissory note or a conditional sale contract to Superior Manufacturing Company, Amarillo, Texas, or ~~Lubbock Machine and Supply Company, Lubbock, Texas,~~ for the purpose of purchasing anhydrous ammonia (NH_3) tanks, applicators, trailers, and other equipment. The note thereafter would be transferred and assigned by the payee to a finance company. Contemporaneously with the execution of the note and mortgage, the farmer entered into a lease contract with ESTES or MC SPADDEN, depending on who generated the paper, for a term of years co-extensive with the maturity of the note. The payment under the lease to be in amounts sufficient to amortize the note.

At the time the note or conditional sale contract were actually executed by the purchaser, ESTES and MC SPADDEN would out of their personal funds, furnish to the purchaser, the funds necessary to make the reported down payment, usually 20% on the purchase. In addition thereto, ESTES and MC SPADDEN would, out of their own funds, pay the purported purchaser a sum of money or extend credit in an amount equivalent to 10% of the purchase price less down payment, in consideration for purchaser's lending his name to the plan.

Also simultaneously with the execution of the note and chattel mortgage or conditional sale contract and lease, ESTES and MC SPADDEN with the assistance of HAROLD E. ORR and RUEL W. ALEXANDER, officers of the Superior Manufacturing Company, would deliver to the purchaser a letter from the

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Superior Manufacturing Company addressed to the purported purchaser holding the purchaser harmless in the event lessee should default in his payments to purchaser (lessor). In the event of default, Superior Manufacturing Company would re-purchase from the farmer the equipment described in the sale contract for a price equal to the balance due from purchaser under the contract.

Purchase by Finance Company

Following the assignment by Superior Manufacturing Company and/or Lubbock Machine and Supply Company to one of several out-of-state finance companies and the receipt of all necessary loan documents, including a financial statement, credit references (at times included Farmers Company and Dan Daniel Chemical, both ESTES' concerns, latter being a post office box at Fabens, Texas, and letterhead stationery only), the contract would be purchased and a check issued by the finance company to the Superior Manufacturing Company. The check would thereafter be deposited to Superior's account at an Amarillo, Texas bank. Shortly thereafter, a check would be drawn against Superior's account payable to either ESTES or MC SPADDEN or to one of their companies. ESTES is believed to have used his Texas Steel Company account at the First National Bank, Pecos, Texas, for this purpose and thereafter withdrew funds from this account for deposit to his personal account and for use in other business ventures. (Superior's general ledger and vouchers being obtained to tie in the receipt and offsetting disbursement)

Spurious Serial Numbers

Serial numbers for the anhydrous ammonia tanks were inserted in the conditional sale contract thereby intending to represent that the tanks had been manufactured. These serial numbers generally consisted of five or six digits. A boiler inspector advised that he examined all tanks manufactured by Superior Manufacturing Company during period October 8, 1960 to March 23, 1962, and all serial numbers of ammonia

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tanks consisted of four digits and production of these tanks totaled approximately 3200. (Production records of Superior Manufacturing Company being obtained.)

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II. RESULTS OF DALLAS, TEXAS, MEETING OF
FINANCE COMPANIES MARCH 27-28, 1962

	<u>Page</u>
Companies involved	9
Purchasers	11
Total paper generated by ESTES	16
Total paper generated by MC SPADDEN . . .	17

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RESULTS OF DALLAS, TEXAS, MEETING
OF FINANCE COMPANIES
MARCH 27-38, 1962

In attendance at the Dallas meeting were representatives of the following ten finance companies. In addition, however, not represented at this meeting, are the Caprock Investment, Lubbock, Texas, and Humphries Investment, West Texas.

1. ~~Walter E. Heller and Company (Heller Company)~~
~~Chicago, Illinois~~
2. ~~CIT Corporation (CIT)~~
~~New York, New York~~
3. ~~Pacific Finance Company (PFC)~~
~~Los Angeles, California~~
4. ~~Kuykendall Investment Company (KIC)~~
~~Lubbock, Texas~~
5. ~~Commercial Credit Corporation (CCC)~~
~~Baltimore, Maryland~~
6. ~~Associates Investments (Assoc.)~~
~~South Bend, Indiana~~
7. ~~Pioneer Finance (Pio.)~~
~~Detroit, Michigan~~
8. ~~Talcott (formerly known as First Acceptance Corp.) (Tal.)~~
~~Minneapolis, Minnesota~~
9. ~~Southwestern Investment (SIC)~~
~~Amarillo, Texas~~
10. ~~D & M Investments (D & M)~~
~~West Texas~~

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X At one of the several conferences held, [redacted]

[redacted] Kuykendall Investment, Lubbock, Texas.

recorded on a worksheet the dollar amounts of notes held by the various finance companies represented, along with the name of the person signing the note. The tabulation obtained through this means is set forth as follows. The letter (M) preceding the purchaser's name denotes that the transaction was generated by MC SPADDEN. All other transactions were generated by ESTES.

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Purchaser	P.I.C. 2/23/62	K.I.C. 2/28/62	C.C.C. 3/23/62	Pioneer 3/15/62	W.E.H. (orig. amt)
	111,471,000	62,000	0	0	0
Glen Alexander	50,000(2)	0	0	51,600(2)	63,000
	0	21,000	0	0	65,000
	52,000	44,000	71,000	0	127,000
	206,000	53,000	0	0	349,000
	306,000	115,000	0	0	169,000
	119,000	47,000	127,000(3)	33,000	223,000(4)
	54,000(3)	55,000	36,000	26,000	177,000
	136,000	31,000	0	0	71,000
	0	32,000	64,000	0	0
	0	52,000	0	0	0
	0	0	0	11,000	0
	28,000-2	90,000	0	20,000-7	168,000-4
	0	34,000	0	0	0
Crutchfield Fertilizer	0	0	20,000	24,000	72,000-2
Chandler Co.	0	0	0	0	0
X Cibola Land & Cattle Company	0	0	0	4,000	0
Conner Produce	0	0	0	0	0
Davis Propane	0	0	0	6,000	0
Dicks Propane	0	0	0	6,000	0
	0	0	0	0	0
	130,000(2)	64,000(2)	0	89,000	138,000
Billie Sol Estes (M)	55,000	0	0	0	0

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Purchaser	P.I.C. 2/23/62	K.I.C. 2/28/62	C.C.C. 3/23/62	Pioneer 3/15/62	W.E.H. (orig. amt)
Estes Enterprises	161,000(2)	0	0	0	0
[redacted]	74,000(2)	23,000	0	0	0
[redacted] (Ft. Stockton Inn. Co.)	12,000(3)	0	0	0	0
[redacted]	0	0	0	38,000	0
Farm Gr. & Whse.	0	0	0	0	0
(M) [redacted]	84,000	152,000	0	48,000(2)	182,000
Gillette Pipe & Sup.	55,000(2)	0	0	22,000(2)	0
Grange Cooperative	1,000	0	0	0	0
(M) [redacted]	75,000	128,000	0	0	187,000(2)
	0	0	0	0	0
	0	54,000	0	0	79,000
	0	0	0	0	50,000
	27,000	30,000	0	0	55,000-2
	0	42,000	0	42,000-2	0
	34,000	39,000	0	0	253,000
	0	0	0	33,500	0
	21,000	0	40,000	0	0
	0	10,400	0	0	90,000
(Loop Farm Store)					
[redacted]	29,000	0	0	0	0
Hub Fertilizer [redacted]	0	0	0	0	0
[redacted]	0	0	0	40,000	0
Kalori Land Co.	0	0	0	0	0

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S. I.C.	Assoc. 3/12/62	Talcott 3/15/62	D & M	G.I.T. 3/15/62	Total
00	0	71,000(2)	0	86,000	305,000
,000	24,000(2)	21,000	0	24,000	260,600
0	0	0	0	0	86,000
0,	0	0	0	59,000	353,000
0	0	0	0	0	608,000
0	0	0	0	0	590,000
0	0	0	0	72,000	621,000
00	48,000	41,000	0	81,000	545,000
0	0	0	0	147,000	385,000
0	0	0	0	71,000	309,000
,000	0	89,000	0	73,000	243,000
0	0	0	0	0	11,000
0	0	90,000	0	68,000	434,000
0	0	0	0	77,000	111,000
,000	0	17,000	0	18,000	154,000
5,000	0	41,000	0	148,000	197,000
0	0	0	0	0	4,000
0	7,000	0	0	0	7,000
0	3,000	0	0	0	9,000
0	6,000	17,000	0	58,000	87,000
,000	0	0	0	0	4,000
0	51,000	0	0	41,000	513,000
0	0	0	0	654,000	709,000

S.I.C.	Assoc. 3/12/62	Talcott 3/15/62	D & M	C.I.T. 3/15/62	Total
31,000	110,000(15)	19,000(3)	0	0	321,000
0	0	0	0	78,400	175,400
0	126,000(14)	0	0	0	138,000
0	0	0	0	79,000	117,000
0	0	5,000	0	0	5,000
0	25,000	21,000	0	82,000	594,000
1500	36,000	31,000	12,000	78,000	255,500
0	0	0	0	0	1,000
0	40,000	58,000	0	16,000	504,000
0	0	0	41,000	0	41,000
0	0	0	0	0	133,000
0	0	0	0	0	50,000
0	0	0	0	0	162,000
12,000	0	80,000 - 2	0	145,000	321,000
-0	0	0	0	75,000	401,000
0	0	0	0	0	33,500
0	0	0	0	63,000	124,000
0	8,000	0	0	72,000	180,400
0	0	0	0	0	29,000
0	13,000	0	0	0	13,000
0	0	0	0	70,00	110,000
	6,000	0	0	0	6,000

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Purchaser	F.I.C. 2/23/62	K.I.C. 2/28/62	C.C.C. 3/23/62	Pioneer 3/15/62	W.E.H. (orig. amt)	S.I.C.	Assoc. 3/12/62	Talcott 3/15/62	D & M	C.I.T. 3/15/62	Total
	0	15,000	0	0	0	0	0	0	0	76,000	91,000
	0	0	0	34,600	0	0	0	0	0	78,000	112,600
	0	0	0	0	40,000	0	0	0	0	74,000	114,000
	53,000	93,000	0	175,000	0	37,000	8,000-2	54,000-6	0	122,000	542,000
	77,000	47,000	0	34,000	224,000-5	0	27,000	58,000-2	0	233,000	700,000
	4,000	0	0	0	0	0	0	0	0	0	4,000
	37,000	53,000	0	0	98,000	0	0	0	0	0	188,000
	0	0	111,000	0	0	0	0	0	0	0	111,000
Marlin Music & Bottle Gas Co.	2,000	0	0	0	0	0	0	0	0	0	2,000
	24,000	5,000	0	0	100,000	0	0	0	0	38,000	167,000
	150,000-2	61,000	211,000-2	0	238,000-3	0	73,000	0	0	0	733,000
	0	52,000	0	0	134,000	0	0	0	0	0	186,000
Coleman McSpadden	0	0	54,000	150,000	358,000-2	43,000	136,000-18	62,000-2	0	176,000	979,000
	10,000	0	0	0	0	0	0	0	0	0	10,000
	0	0	0	0	149,000-3	0	0	0	0	0	149,000
	138,000	0	0	0	112,000	0	60,000	0	33,000	0	398,000
	41,000	39,000	0	0	0	0	0	0	0	78,000	158,000
	0	0	0	0	0	0	6,000	0	0	0	6,000
	0	14,000	0	0	0	0	0	0	0	80,000	94,000
Margas, Inc.	0	0	0	0	0	0	5,000	0	0	0	5,000
Nichols Ginning	154,000	59,000	230,000	38,000	336,000	0	0	0	0	293,000	1,110,000
Oldham Propane	0	0	0	12,800	0	0	0	0	0	0	12,800

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Purchaser	P. I. C. 2/23/62	K. I. C. 2/28/62	G.C.C. 3/23/62	Pioneer 3/15/62	W.E.H. (orig. amt)	S. I. C.	Assoc. 3/12/62	Talcott 3/15/62	D & M	C. I. T. 3/15/62	Total
Paso Del Norte Oil	0	0	0	0	0	0	13,000	0	0	0	13,000
(M) [redacted]	0	0	0	32,000	0	0	0	0	0	148,000	180,000 b7C
(M) [redacted]	84,000	0	43,000	55,500-2	193,000-2	0	38,000	0	0	137,000	550,000
Rigsby Auto Sales	198,000	62,000	0	0	348,000	0	0	0	0	0	608,000
Reetex Farms, Inc.	42,000	0	0	0	77,000	0	23,000	0	0	0	142,000
(M) [redacted]	0	62,000	0	0	0	0	0	39,000	0	0	101,000
(M) [redacted]	0	0	0	24,000-2	0	0	0	55,000-2	26,000	59,000	164,000
(M) [redacted]	0	6,000	37,000	0	108,000	0	0	0	0	0	151,000
(M) [redacted]	0	6,000	45,000	0	213,000	0	0	0	0	70,000	334,000
(M) [redacted]	63,000	64,000	0	0	253,000	0	61,000	0	0	0	441,000
(M) [redacted]	59,000	40,000	0	0	96,000	0	0	0	0	0	195,000
Southwest Agro-Chemical Co.	0	0	0	0	0	0	13,000-2	0	0	0	13,000
Strawn Farm & Ranch Supply	0	0	0	0	0	0	8,500-2	0	0	0	8,500
Sexon L. P. Gas Co.	0	0	0	0	0	0	500	0	0	0	500
(M) [redacted]	0	0	0	0	0	0	12,000	0	0	0	12,000
Sample Bros.	0	0	0	0	0	0	500	0	0	0	500
(M) [redacted]	10,000	0	0	32,000-2	27,000	0	12,000	0	0	24,000	105,000
J. J. Taber	0	0	0	29,000	102,000	0	47,000	0	0	47,000	225,000
Three Way Chemical	0	0	0	0	0	0	10,000 - 2	14,000	0	0	24,000

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Purchaser	P.I.C. 2/23/62	K.I.C. 2/28/62	C.C.C. 3/23/62	Pioneer 3/15/62	W.E.H. (orig. ant)
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	S.I.C.	Assoc. 3/12/62	Talcott 3/15/62	D & M	C.I.T. 3/15/62	Total
[REDACTED]	0	0	0	0	0	41,000 b7C
[REDACTED]	0	0	0	0	0	170,000
Gene Wells Oil Co.	61,000	0	0	38,900	217,000	316,000
✓ Wheeler Fertilizer	52,000	0	80,000-2	51,000-3	114,000	538,000
[REDACTED]	223,000	0	282,000	0	224,000	892,000
(M)	0	27,000	0	23,000	82,000	132,000
[REDACTED]	167,000-2	46,000	0	0	0	535,000
Wilson Oil	0	0	0	0	0	6,000
Wilson Fertilizer	0	0	0	0	0	2,400
[REDACTED]	8,000	47,000	0	29,500	183,000	465,000
[REDACTED]	44,000	22,000	0	0	168,000-4	311,000
[REDACTED]	0	60,000	94,000	22,000)	215,000	414,000
[REDACTED]	84,000-3	60,000	109,000	45,000)	0	215,000
Worsham Gas Co.	0	0	0	0	0	5,000
✓ Walsh Grain Co.	0	0	0	0	0	3,500
[REDACTED]	207,000	62,000	0	0	339,000	608,000
[REDACTED]	0	0	0	0	0	77,000
[REDACTED]	0	0	0	0	0	215,000
[REDACTED]	0	0	0	0	0	76,000
[REDACTED]	0	0	0	0	0	74,000

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In connection with the above, [redacted] b6
[redacted] b7C
Commercial Finance Division, Pacific Finance Company, 621 S.
Hope Street, Los Angeles 17, California who made available this material,
pointed out that some finance companies representatives at the time of the
conference indicated the original amounts of the notes, others gave the
present unpaid balances, and still others included loans on grain storage tanks
as well as ammonia tanks.

The following is a recap of the figures set forth above:

Heller Company	-	7.084
CIT		5.738
PFC		3.596
KIC		2.223
CCC		1.654
Assoc.		1.507
Pio.		1.318
Tal.		1.066
SIC		.315
D & M		<u>.112</u>
Total		24.613

Caprock Investment and Humphries Investment not included.

The following tabulation represents paper generated by ESTES:

Monthly Payment Amounts
and Balances

	<u>Monthly Payments</u>	<u>2/28/62 Total Amounts</u>
[redacted]	\$120,894.31	\$ 6,243,588.86
Pacific	89,507.82	3,264,859.16
Associates	13,452.01	1,168,006.22
✓ Caprock.	5,514.44	319,217.33
D & M Investment	5,637.29	183,327.48
✓ Commercial Credit	29,543.51	1,540,210.24
Humphries	7,996.42	148,596.60
Kuykendall	45,771.34	1,756,635.99
S.I.C.	18,637.93	256,994.94
Pioneer	20,730.58	866,362.09
C.I.T.	143,155.58	5,240,318.27
Talcott	<u>26,909.86</u>	<u>857,613.54</u>
Total	\$527,751.09	\$21,845,730.72

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(Located in the files of Estes Enterprises at Pecos, Texas; at the time of the search revealed a recap tabulation dated February 28, 1962, and it was noted that the total monthly payments due on all outstanding loans amounted to \$527,751.09, which agrees with the above figure tabulated by the finance companies. This recap sheet obtained from ESTES' records revealed the total outstanding balances on all notes as of February 28, 1962, to be \$21,808,463.72, which is about \$37,000 less than the \$21,845,730.72 figure tabulated by the finance company representatives.)

The following tabulation represents paper generated by MC SPADDEN as calculated by the finance company representatives during the Dallas meeting:

Balances Owed to
Finance Companies

<u>Name</u>	<u>Original</u>	<u>Gross Balance</u> <u>3/9/62</u>
Pacific	\$ 486,692.80	\$ 427,603.34
	972,818.83	878,920.75
Pioneer	257,892.00	216,812.00
C.I.T.	179,297.20	129,736.85
Asse. Inv.	215,766.00	189,230.09
Commercial Credit	74,400.00	63,492.00
Kuykendall	145,722.96	144,183.84
	\$2,332,589.79	\$2,049,978.87

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Pacific Outstanding

	\$169,446.00	\$153,646.50
Billie Sol Estes	43,258.80	26,435.84
	107,880.00	98,890.00
	99,216.00	88,881.00
	53,088.00	50,876.00
	13,804.00	8,874.00
	\$486,692.80	\$427,603.34

(Also located in the Estes Enterprises records at time of the search was a file labeled "Coleman McSpadden," wherein a tabulation was noted showing the original amounts of all contracts and the balance owing. The original amount of all contracts was noted to be \$2,332,589.79, and the balance owing as of an unknown date was shown as \$2,049,978.87, both figures agreeing with the above set forth tabulation as determined by representatives of the finance companies.

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III. INTERVIEWS WITH REPRESENTATIVES OF
FINANCE COMPANIES

	<u>Page</u>
1. Walter E. Heller and Company, Chicago, Illinois . . .	19
2. C.I.T. Corporation, New York, New York.	30
3. Pacific Finance Corp., Los Angeles, California	40
4. Commerical Credit Corp., Baltimore, Maryland	55
5. Pioneer Finance Company, Detroit, Michigan	104

Other finance companies being contacted:

6. Talcott (Formerly First Acceptance Corp.) Minneapolis, Minn.
7. Associates Investment, South Bend, Indiana
8. ~~Caprock~~ Investment, Lubbock, Texas
9. Kuykendall Investment Company, Lubbock, Texas

Date April 3, 1962

T-11

[Redacted]

Walter E. Heller and Company, Room 1530, 105 West Adams Street, advised as follows:

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[Redacted] III. [Redacted]
The Walter E. Heller and Company (Heller Company) presently holds approximately \$9,000,000 worth of lease contracts which they purchased through Leasing, Incorporated, Fort Wayne, Indiana, and General Leasing of Fort Wayne, Fort Wayne, Indiana. These contracts are mostly for the financing of installment sales made by Superior Manufacturing Company, Amarillo, Texas, covering the sale of anhydrous ammonia fertilizer tanks to formers in Texas, with the remaining contracts covering the financing of grain storage facilities

III. [Redacted]
The Heller Company is a commercial finance company and first became involved with [Redacted] for Leasing, Incorporated, Fort Wayne, Indiana, when he came to Chicago and contacted their company for the purpose of working out a financing arrangement to handle paper for BILLIE SOL ESTES. This contact was during the early part of April, 1961 and he, [Redacted] Heller Company [Redacted] Nothing of significance transpired during this meeting except that

[Redacted] was advised that if he would furnish more specific information and documentation to the Heller Company for further study, they might be interested. Numerous subsequent meetings were held with [Redacted] and other officers of Leasing, Incorporated, who are [Redacted] for the purpose of having Leasing, Incorporated furnish financial information on both their company and its officers and on the paper which they intended to offer [Redacted] [Redacted] Incl.

X Leasing, Incorporated, Fort Wayne, Indiana, and General Leasing of Fort Wayne; Incorporated, Fort Wayne, Indiana are, for all practical purposes, the same company in that General Leasing of Fort Wayne, Incorporated purchased all the assets and liabilities of Leasing, Incorporated on approximately

3/29, 30 and
On 4/2/62 at Chicago, Illinois File # CG 87-18977
by SA [Redacted] Date dictated 4/3/62
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CG 87-18977

June 5, 1961 and assumed all obligations, contracts, agreements, etc. of Leasing, Incorporated.

The Heller Company rejected all financing for BILLIE SOL ESTES and BILLIE SOL ESTES' enterprises as a result of the financial information furnished in the meetings with Leasing, Incorporated. Therefore, the Heller Company did not do any financing for BILLIE SOL ESTES and to their knowledge, at this time, do not know of any indirect financing for ESTES.

The Heller Company had received sufficient information from Leasing, Incorporated by early May, 1961 for the Heller Company to have directed a letter of commitment to Leasing, Incorporated agreeing to purchase the paper on the leases submitted to them providing the leases met the terms previously set out and agreed on. Shortly thereafter, the Heller Company received from Leasing, Incorporated the first lease package containing the required documents in accordance with their commitment letter and on approximately May 19, 1961, the Heller Company purchased its first paper through Leasing, Incorporated.

Before Heller Company disbursed any money, they received a letter of direction from Leasing, Incorporated authorizing them to pay Superior Manufacturing Company direct, the purpose of this being to assure the Heller Company that the merchandise delivered was paid for.

The Heller Company made the normal credit checks, checked out all bank and other references, and received an inventory of all assets reflected on the financial statements of all customers prior to purchasing any paper. The company also received a "guarantee of Validity" from Leasing, Incorporated, General Leasing of Fort Wayne, Incorporated, [redacted] which guaranteed to the Heller Company as to the validity of all paper purchased.

All correspondence and requests on all of the information desired by the Heller Company were made through Leasing,

CG 87-18977

Incorporated or General Leasing of Fort Wayne, Incorporated except the direct credit and reference checks. All of the paper purchased was purchased directly through Leasing, Incorporated or General Leasing of Fort Wayne, and not directly from Superior Manufacturing Company.

He and [redacted] Heller Company, Chicago, b6 b7C
went to Texas on May 21, 1961, at which time they visited Superior Manufacturing Company and talked to some of the customers, names unrecalled, regarding the tanks and the terms of the lease and they, Heller Company, were completely satisfied that the deals made were legitimate and that Superior Manufacturing Company had the capability of producing the tanks which were involved. The company also set up a program whereby they could follow this matter, and in early January, 1962, he [redacted] went [redacted] to Texas and again visited Superior Manufacturing Company and a couple different customers, and again reassured themselves that this agreement was satisfactory and all of the deals legitimate. During these visits, they verified the existence of some of the tanks but cannot make a statement that they verified the existence of all of the tanks financed for the customers contacted.

The Heller Company by either direct contact, telephonic contact, letter, or receipt of payment received acknowledgment from the majority of their customers as to their existence and the validity and existence of the loan.

Since this apparent fraud has broken, he has reviewed all of the paper purchased through Leasing, Incorporated and General Leasing of Fort Wayne, and they have a total of 69 customers, with some of these customers having more than one loan. As a result of this survey, he set up a tentative schedule and divided these loans into four categories as follows:

CG 87-18977

<u>Category</u>	<u>Account Classification</u>	<u>Accounts Affected</u>	<u>Approximate Value</u>
A	Clean Accounts	5	\$ 300,000.00
B	Possible clean accounts	6	1,100,000.00
C	Possible affected accounts	5	240,000.00
D	Affected	43	6,000,000.00

The Heller Company desires to cooperate in this matter fully, and will photostat all pertinent documents from each affected customer account, making up what they consider to be the loan package, and make these photostats available to the Federal Bureau of Investigation.

The loan package for the most part generally contains a chattel mortgage, lease, corporate and individual acknowledgment, delivery and installation certificate, all of these documents being in the possession of the Heller Company prior to accepting the paper from Leasing, Incorporated or General Leasing of Fort Wayne, and prior to disbursing payment to Superior Manufacturing Company. The check to Superior Manufacturing Company, and in most cases, the final settlement check completing the deal to Leasing, Incorporated or General Leasing of Fort Wayne for the difference between the purchase price less the down payment, and the total loan less charges and interest, and a photostat of the customer's first check to the Heller Company, and the enclosed coupon along with the envelope transmitting this check and coupon to the company.

In conclusion, he stated that each of the transactions were handled on an individual basis, and after the same type of information requested was received and reviewed on each customer, and all verifications as to its accuracy were received, the loan was then approved by himself and then sent on to each of the Heller Company Executive Committee officers who approved the same before the loan was purchased.

FEDERAL BUREAU OF INVESTIGATION

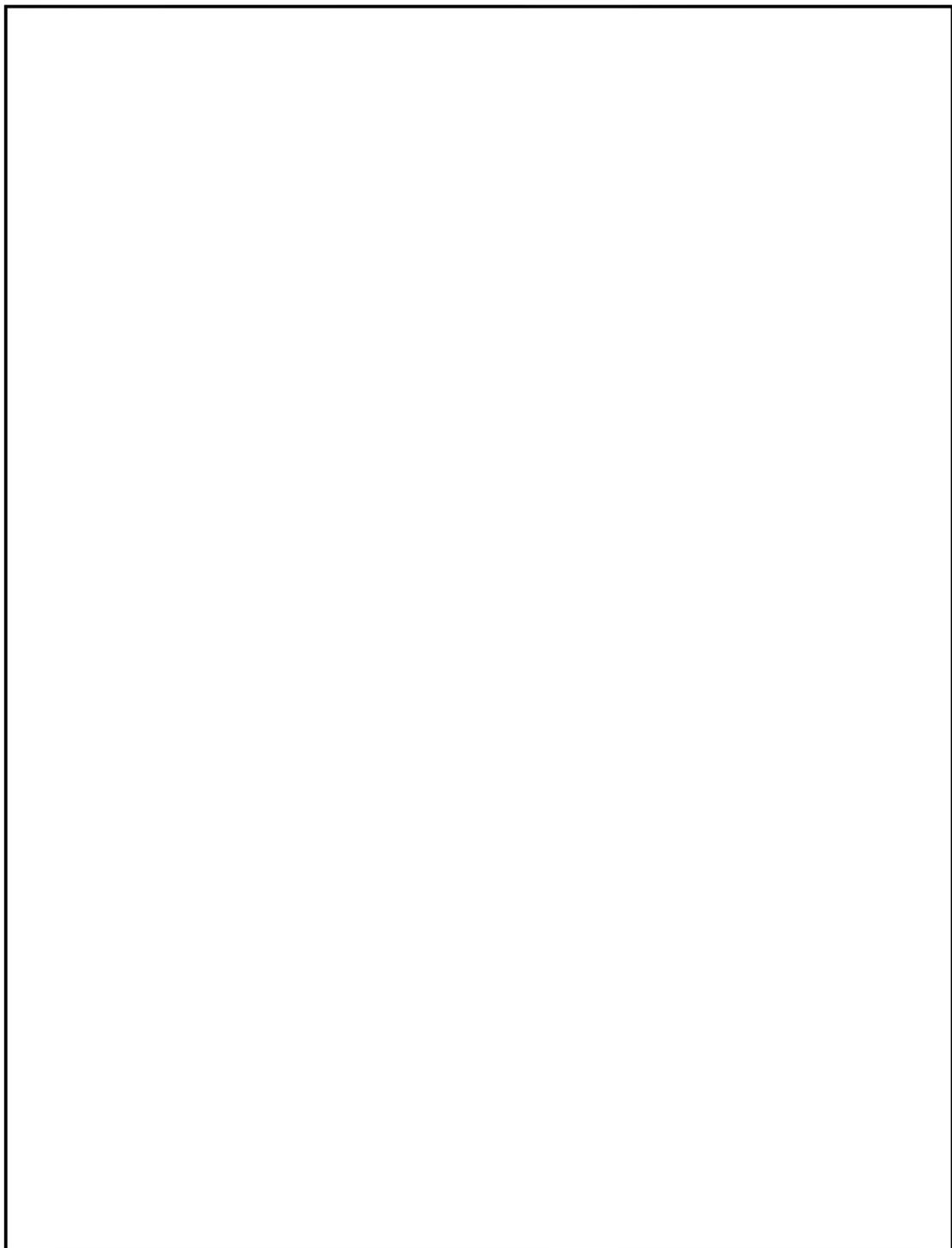
Date April 3, 1962b6
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On 4/2/62 at Illinois 23 File # CG 87-18977
 File # EP 29-351
by SA rms Date dictated 4/3/62

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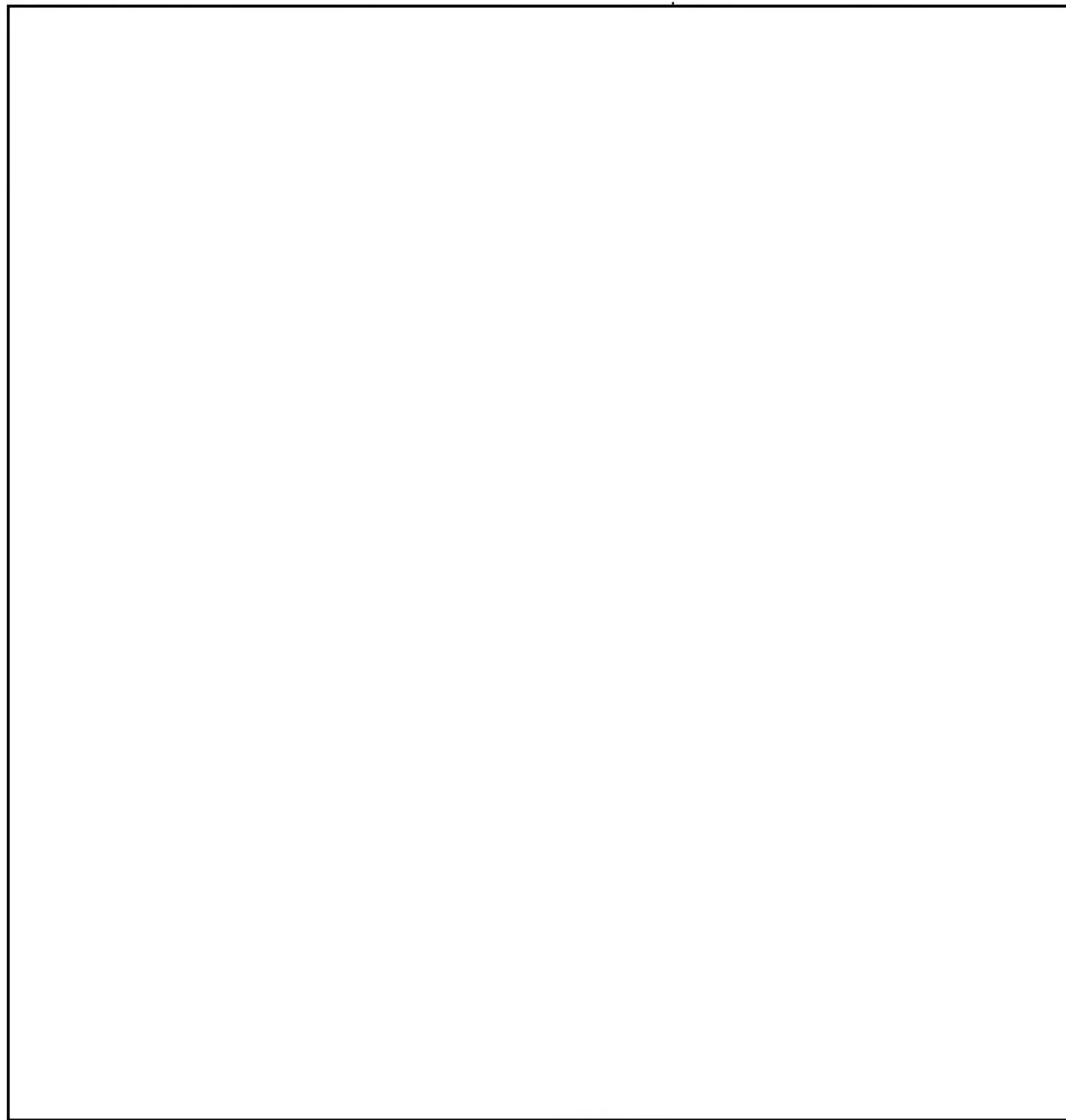
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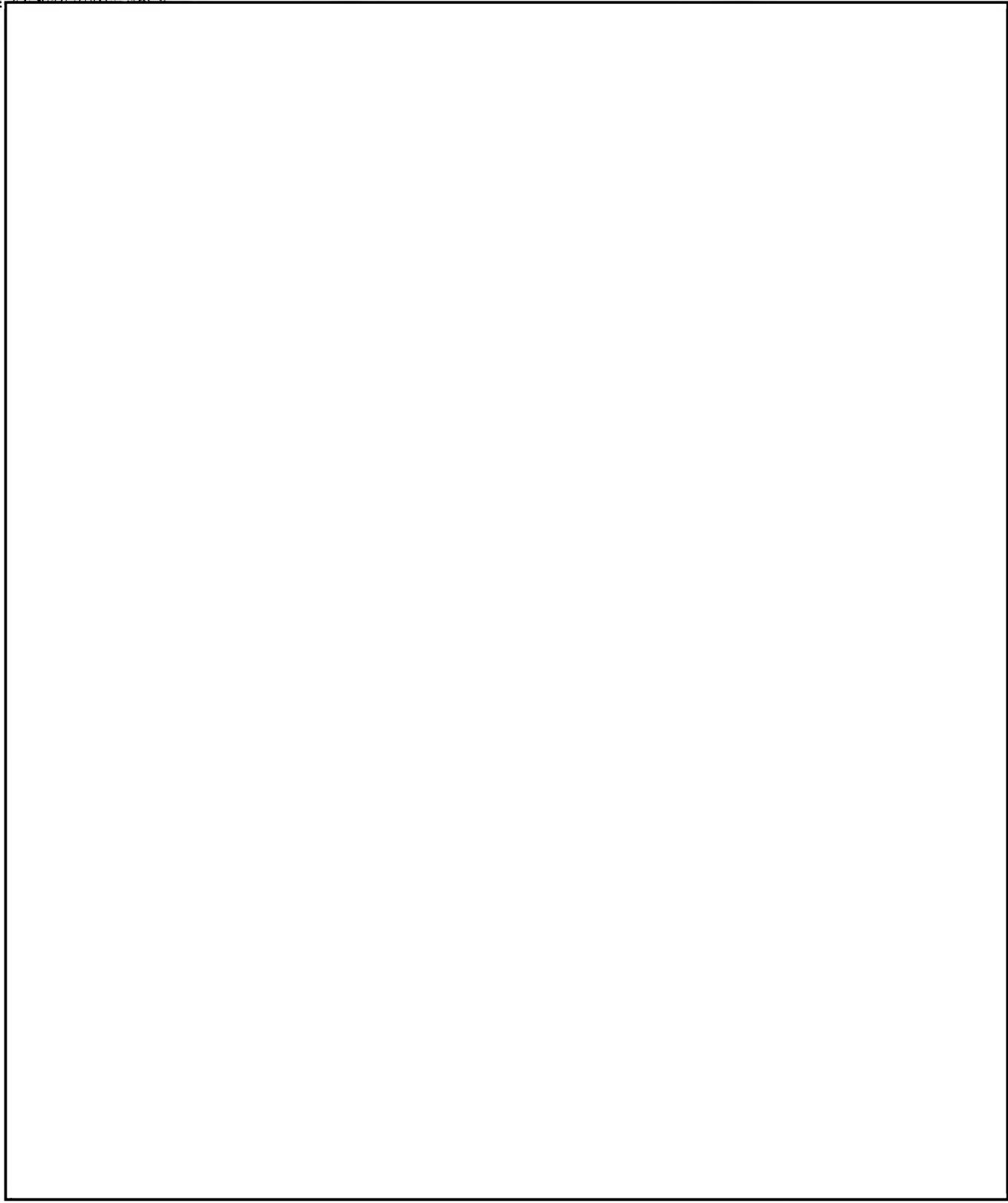
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If the originals of the listed documents are needed
for production in a court of law, a subpoena duces tecum
should be directed to [redacted]
[redacted]

Date 3/27/62b6
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[redacted] CIT Corporation, Suite 1222, Hartford Building, advised [redacted] that firm presently holds several million dollars worth of notes and mortgage assignments purchased from Superior Manufacturing Company (SUPERIOR), Amarillo, Texas. This latter firm is rumored to be owned and controlled by BILLIE SOL ESTES, although [redacted] pointed out CIT possesses no evidence to support this. He stated information of record shows one HAROLD ORR to be President of SUPERIOR and RUEL ALEXANDER, as Secretary-Treasurer.

Dallas, Tex

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[redacted] According to [redacted] a discount arrangement was first entered with SUPERIOR in October, 1957, at which time [redacted] and reportedly the [redacted]

The volume of transactions with SUPERIOR was relatively light until approximately May, 1960, when the company was reorganized and its corporate stock changed hands. Since May, 1960, the volume of note discounts increased sharply, with the notes involved representing principally ammonia tank sales by SUPERIOR to both individual and commercial customers.

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[redacted] stated SUPERIOR is classified by CIT as a dealer, that is a manufacturer selling direct to consumers and retail outlets, with resultant note receivables secured for the merchandise being discounted through CIT. Initially SUPERIOR was solicited as an account by a field representative of CIT with an offer to discount sales invoices and/or notes with CIT. Following the acceptance of the proposed discount agreement by SUPERIOR and appropriate credit investigation of the company, a credit commitment was extended to SUPERIOR whereby CIT agreed to purchase at a discount, credit sales made by SUPERIOR. Following the initial dealer approval, CIT provided SUPERIOR with necessary note, chattel mortgage, and related forms in blank, bearing CIT letterhead, to be executed and originated by SUPERIOR in furtherance of the discount agreement, subject of course to the prior approval of the transaction by CIT.

DL 29-1096

On 3/26/62 at Dallas, TexasFile # EP 29-351

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by SA RAYMOND C. ECKENRODE/tllDate dictated 3/27/62

DL 29-1096

Basically, under the agreement which exists, CIT, Dallas, is authorized by its home office, to extend credit commitments on discount transactions involving a single individual or concern to an aggregate of \$100,000, without prior credit committee action by the home office. This credit limit applies to credit customers of their dealers and not to the dealer itself such as SUPERIOR. All transactions in excess of \$100,000 must first be reviewed and approved by the home office credit committee located at New York City, New York. This latter requirement would also apply to any new transaction involving an account with an outstanding indebtedness, if the current debt plus the additional credit line requested aggregates in excess of \$100,000.

In credit transactions within the \$100,000 limit, required notes and chattel mortgages executed by customers to SUPERIOR, together with credit report, are forwarded by the latter either by mail or hand direct to CIT, Dallas, following which a credit investigation is made of the customer or borrower, and the credit instruments reviewed for form and legal conformity by CIT legal counsel at Dallas. Prior to credit commitment, CIT, Dallas, forwards the pertinent note and chattel to the CIT legal department at the home office, 650 Madison Avenue, New York City, New York, for further review, and if found to be in order, notification of approval is furnished CIT, Dallas. Following such advice disbursement of net discount proceeds is made to SUPERIOR by the Dallas Office. [] stated the originals of the credit instruments are retained at all times by the home office pending pay-out of the account. Payments in retirement of the account as prescribed by the note are remitted by the debtor to the CIT office in Dallas.

[] stated on larger transactions involving commitments in excess of \$100,000, as well as new credit requests for customers having existing outstanding accounts, the aggregate of which would exceed \$100,000, the following procedures prevail:

SUPERIOR notifies CIT orally or in writing of the proposed sale or customer credit requirements, supported by

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DL 29-1096

financial statements and detailed credit history for the customer. The credit request is reviewed by CIT, Dallas, and a comprehensive credit review is prepared on the customer, following which this information is forwarded to the home office in New York. The proposal is then taken under advisement by the home office credit committee, and if approved, authority to extend a commitment on the transaction is furnished CIT, Dallas, subject to conditions specified by the committee. A commitment letter outlining the conditions specified by the home office, with a ninety day option, is then sent to SUPERIOR by CIT, Dallas. Thereafter, SUPERIOR obtains the required legal instruments, such as the note and chattel, from the customer and delivers same to CIT, Dallas. These instruments are forwarded directly by CIT, Dallas, to their New York home office for review and approval action, and if favorably considered, notice of acceptance and authority for disbursement of discount proceeds to SUPERIOR is given CIT, Dallas. All original documents attendant to the transaction are retained at New York, but servicing of the account is made at Dallas.

[redacted] said CIT, Dallas, has had only limited contact with BILLIE SOL ESTES, such contacts being in connection with accounts held in ESTES's name individually, as well as Estes Enterprises, Inc. According to [redacted] several such accounts are presently outstanding in excess of \$200,000, and relate principally to purported sales of ammonia tanks to him by SUPERIOR. As noted previously, the original documents attendant to these transactions are on file at the New York home office.

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[redacted] advised CIT also holds considerable paper, secured by mortgages on ammonia tanks, acquired from Lubbock Machine and Supply Company, Lubbock, Texas, which firm is reportedly operated by [redacted]

[redacted] said CIT has no evidence of control or influence by ESTES in this company, however, [redacted] ESTES are known close associates.

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[redacted] stated paper acquired from SUPERIOR represents numerous individual accounts in names of farmers and ranchers,

DL 29-1096

and in most instances same involve one or more purported lot sales of ammonia tanks on different dates by SUPERIOR to these individuals. [redacted] identified the individuals having accounts in this category, in part, as follows:

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GLEN ALEXANDER, Pecos, Texas

[redacted] Texas

J. J. TABER, Van Horn, Texas

[redacted] Texas

[redacted] Texas

[redacted] advised information available to CIT is that most, or all, of the above individuals have comparable note and mortgage transactions outstanding with other finance companies, one such company reportedly being Pacific Finance Company.

DL 29-1096

[redacted] stated information has also come to the attention of CIT that [redacted] wealthy Midland, Texas oil men, purchased about two million dollars worth of similar paper in 1960 or 1961. Reportedly, [redacted] received information alleging collateral securing this paper - in the form of ammonia tanks, was possibly non-existent, and subsequent investigation to locate the tanks by him was unproductive. As a result, [redacted] is reported to be extremely bitter towards ESTES, and according to [redacted] he may be a source of information of possible assistance to this investigation.

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[redacted] advised as early as May, 1961, CIT has received rumors to the effect collateral securing paper held by them was possibly fictitious. Investigation into these rumors by CIT personnel consisting of contacts with individual farmers and ranchers in whose names notes are held, has been unsuccessful as to the location and existence of the ammonia tanks mortgaged. Individuals contacted in some instances have only been able to produce a portion of the tanks for inspection, and in almost every instance each has claimed missing tanks were leased by them to BILLIE SOL ESTES and location of the tanks is unknown to them. The alleged leases entered with ESTES could not be produced by these individuals, under the terms of which ESTES reportedly agreed to, and is making, required payments to CIT in retirement of notes.

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[redacted] stated it is his understanding Commercial Credit Corporation, Baltimore, Maryland, and General Leasing of Ft. Wayne, Chicago, Illinois, are other finance companies who hold discount paper on ammonia tanks. With respect to General Leasing of Ft. Wayne, [redacted] stated it is reported that firm re-discounted their paper with Walter S. Heller Company, Inc., Chicago, Illinois.

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Date April 6, 1962

[redacted] CIT Corporation, Suite 1222, Hartford Building, furnished reproductions of his New York City Home Office files on twenty-one transactions discounted with CIT Corporation by the Superior Manufacturing Company, Amarillo, Texas, (Superior), and Lubbock Machine and Supply Company, Inc., (LMSC).

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The documents furnished by [redacted] attendant to each transaction, in most instances, consist of a chattel mortgage note executed by Superior or LMSC as seller-mortgagor, and by individuals or firms purchasing the equipment described, as the buyer-mortgagor; a Without Recourse Seller's Assignment executed by Superior or LMSC as Seller-Assignor, to CIT Corporation; a notification or abstract of filing of the chattel mortgage executed by the County Clerk of the county wherein the instrument was filed for record; a Delivery and Installation Certificate executed by the individual or firm purchasing the equipment certifying that as of a specified date the equipment involved in the transaction had been delivered and installed by Superior; and a CIT Branch Disbursement Report covering the transmittal of the documents from the Dallas branch to CIT Home Office, New York City, New York. It is noted the originals of all these documents are on file at CIT Corporation, New York City.

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The twenty-one transactions are summarized in the following schedule, appropriately separated as to those discounted by Superior and those discounted by LMSC:

on 3/30/62 at Dallas, Texas

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Date dictated 4/2/62

by Special Agent [redacted] /pm

DL 29-1096
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Superior Manufacturing Company

CIT A/C No.	Buyer/Mortgagor	NOTE AND CHARGE DATE	NOTE AMOUNT	Equipment Covered	DATE ASSIGNED	DATE FILED	DATE Delivered To Buyer	CIT TRANSMISSION DATE
15849		3-19-61	\$48,600.00	60- 1000 gal. NH3 TANKS	3-10-61	3-20-61	3-19-61	3-23-61
..	TEXAS							
4345	Texas	5-6-60	85952.00	15- 500 gal. Prod. Solution Tanks 31- 500 gal. "	5-6-60	5-10-60		5-12-60
				24- 1200 gal. "				
5618	TEXAS	3-7-61	77464.80	45- 500 gal. Superior Acid Tanks 10- 1000 gal. NH3 Tanks	3-7-61	3-9-61	3-7-61	3-16-61
5693	TEXAS	3-31-61	104960.00	13.8- 1000 gal. NH3 Tanks	3-31-61	4-5-61	3-31-61	4-6-61
5379	TEXAS	1-9-61	83160.00	120- 1000 gal. NH3 Tanks	1-9-61	1-12-61	1-9-61	1-12-61
4165	OSOANE CHEMICAL CO., MULESHOE, TEXAS	3-28-60	16440.00	16- 1000 gal. NH3 Tanks	3-28-60	3-29-60		(At Home Office)
2529	LESTER-STONE Co. PLAINVIEW, TEXAS	1-19-59	9837.80	5- 12,000 gal. NH3 Tanks	1-21-59	1-27-59		"
2662	" " "	3-16-59	9990.00	5- 12,000 gal. NH3 Tanks 13- 1000 gal. NH3 Tankers Complete	3-16-59	3-18-59		"
				5- Superior Combination Applicators				
2508	" " "	10-8-59	3797.50	(Various Tanks and Trailers)	10-8-59	10-12-59		"
2936	ISOCENE CHEMICAL CO., MULESHOE, TEXAS (TRFD. TO LESTER-STONE Co. 8-10-60)	2-12-60	24442.00	16- 1000 gal. NH3 Tanks 2- Superior Applicators 1- 1000 gal. NH3 Storage Tank	2-12-60	2-13-60		"
4825	COLEMAN D. MC SPADDEN aka ASSOCIATED GROWERS OF HEREFORD, Texas.	9-2-60	91924.00	12- 12,000 gal. NH3 Storage Tanks	9-2-60	9-2-60	9-2-60	9-8-60
3937	" " "	2-12-60	13295.70	(Various Tanks & Allied Equipment)	2-12-60	2-13-60		(At Home Office)
3814	" " "	1-21-60	25785.60	" " "	1-25-60	1-27-60		" " "
4278	" " "	4-22-60	60065.55	" " "	4-22-60	4-27-60		" " "

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Superior (Cont'd)

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Date 4/4/62

[redacted]
C.I.T. Corporation, 650 Madison Avenue, New York,
 New York, [redacted]

[redacted] Superior Manufacturing Company, Incorporated,
 and the Lubbock Machine and Supply Company, for
 a number of years dealing through the Dallas Office
 of C.I.T.

He advised that the details as to when
 C.I.T. started doing business with these companies
 is available in the Dallas Office of C.I.T. along
 with official contracts. [redacted] advised that as
 a matter of course, all contracts between the above
 companies and C.I.T. are approached on a local level
 with the exception of those in excess of \$100,000.
 He pointed out, however, that the above companies
 have no reason to know that these contracts must be
 forwarded to New York for approval inasmuch as C.I.T.
 Corporation attempts to leave with the customer the
 idea that all dealings are on a local level.

He advised that the information pertaining
 to the present indebtedness and status of loss
 is available through the Dallas Office of C.I.T. and
 to his knowledge no one employed by C.I.T. at any
 time verified the existence of ammonia tanks. [redacted]

[redacted] further advised that all payments to the above
 companies were made through the Dallas Office of C.I.T.

He made available Photostats of 91 checks
 payable to Superior Manufacturing Company Incorporated,
 and Photostats of 17 checks payable to Lubbock Machine
 and Supply Company. He pointed out that on the
 reverse side of each check is a number which would
 correspond with the number which was assigned to
 the mortgage contract. [redacted] also made available
 two Photostats each of five Chattel Mortgages which
 have not been previously furnished to the Dallas Office.

On 4/4/62 at New York City File # NY 87-26066

by SA [redacted] :bfh Date dictated 4/4/62

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NY 87-26066

He advised that all other Photostats of Chattel Mortgages are available through the Dallas Office of C.I.T.

[redacted] advised that in the event that any of the information furnished by C.I.T. is required for legal purposes or testimony, a subpoena should be directed to the President or duly authorized officer of C.I.T. Corporation, 650 Madison Avenue, New York 22, New York.

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Date 3/27/62Pacific Finance

Company, 2717 Ross Avenue, advised all discount note transactions acquired by that company involving BILLIE SOL ESTES and companies reportedly owned or controlled by him, were negotiated directly with the Commercial Financing Division, Pacific Finance Company, 621 South Hope Street, Los Angeles, California, and all credit instruments pertaining thereto are on file there. [redacted] suggested contact be had with [redacted]

[redacted] in Los Angeles for details [redacted]

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On 3/26/62 at Dallas, Texas File # DL 29-1096
by SA RAYMOND C. ECKENRODE/tll Date dictated 3/27/62

FEDERAL BUREAU OF INVESTIGATION

Date April 2, 1962

[redacted] Pacific Finance
 Corporation, 621 South Hope Street, Los Angeles, California,
 furnished the following relative to its relationship with
 Superior Manufacturing Company and/or BILLIE SOL ESTES and
 Associates.

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Our relationship with Superior Manufacturing Company started in October of 1960, when it was suggested to our commercial financing division that we might be able to work out a business deal with Superior Manufacturing Company of Amarillo, Texas. The suggestion was made by [redacted] of our sales finance office in Amarillo, Texas. On October 11, 1960, [redacted] Commercial Financing Division, went to Amarillo, Texas, and called on Superior Manufacturing Company in company with [redacted] met with HAROLD E. ORR, Vice-President of the company and RUEL W. ALEXANDER, Secretary-Treasurer. Their conversation indicated at that time the company was financing its conditional sales contracts with Associates Investment Company, The First National Bank of Amarillo, Southwestern Investment Company, and C.I.T. Superior Manufacturing Company is a Texas corporation originally chartered in 1938. The charter was amended in June of 1960, and the name changed to Superior Manufacturing Company. In April of 1960, Mr. COLEMAN D. MC SPADDEN, Mr. ORR, and Mr. ALEXANDER, purchased the stock of Superior Manufacturing Company from [redacted]. According to information supplied to us, the officers of the corporation at the time we made the initial contact were COLEMAN D. MC SPADDEN, President; HAROLD E. ORR, Vice President; RUEL W. ALEXANDER, Secretary-Treasurer. The directors consisted of the officers. Based upon information supplied us at a later date by COLEMAN D. MC SPADDEN, the distribution of the capital stock among the three men named above is as follows: Mr. MC SPADDEN, approximately 67%;

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On 3/30/62 at [redacted] Texas File # EP 29-351
 SA RAYMOND C. ECKENRODE &
 by SA [redacted]/jcs Date dictated 3/30/62

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Mr. ORR, approximately 16%; Mr. ALEXANDER, the balance. At a meeting with Mr. RUEL ALEXANDER, on January 23, 1962, conducted by [redacted] of Pacific Finance Corporation, Mr. ALEXANDER said that Mr. MC SPADDEN is no longer active in the day-to-day operations of Superior and that shortly before the date of this meeting Mr. ORR had been elected president of the company. Mr. ALEXANDER continued as Secretary-Treasurer. So far as we have been able to ascertain the stock distribution at that time remained the same among the men and continues so to date. According to published information, Superior Manufacturing Company is engaged in the manufacture of boiler shop products, including refinery equipment, propane tanks, as well as NH₃ tanks. The number of employees averages between 85 and 100 including two engineers and four salesmen. The company occupies a one story metal building located on several acres of ground and the building covers over twenty thousand square feet of floor space. The offices are in an adjoining building of stucco construction containing approximately five thousand square feet of floor space.

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During the period from October 12, 1960, to December 7, 1960, the Pacific Finance Corporation conducted its investigation into the credit standing and reputation of Superior Maunfacturing Company and its officials. The results of that investigation were satisfactory and on December 7, 1960, Mr. ALEXANDER and MC SPADDEN called at Pacific Finance Company headquarters, 621 South Hope Street, Los Angeles, and brought with them some additional contracts beyond the ones we had indicated we would purchase. That morning we also disbursed and handed to them \$178,400 additional on BILLIE SOL ESTES contracts, thus bringing ESTES' total liability to \$237,800. They advised us that there would be another \$140,000 of this paper forthcoming and we indicated that seemed to be a very heavy concentration.

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On January 31, 1961, [redacted] of Pacific Finance Corporation went to Amarillo and met with Mr. HAROLD ORR and RUEL ALEXANDER. During that day he conducted an audit

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of the existing accounts which we had purchased. This audit indicated the total balance owing to Pacific Finance Corporation in the amount of \$628,449.43, consisting of the seven following accounts and the amount owing:

BILLIE SOL ESTES, \$279,906.03

GLENN ALEXANDER, \$48,371.12

Gillett Pipe and Supply Company, \$42,240.47

\$74,664.00	<u>Texaco</u>
\$74,479.31	
\$73,742.31	

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Nickels Ginning Company, \$236,000.16

These contracts all covered supposedly the conditional sale to the various named parties of propane or NH3 tanks. The original financing arrangement entered into between Pacific and Superior in November of 1960, was on a typical re-discount arrangement whereby Superior would submit to us schedules listing original and pink copy of the contract and assignment of title to the equipment and other necessary documents. In addition they would provide financial statements, three credit references, bank references, and Dun and Bradstreet report. After checking out the credit standing of the makers of the individual contracts we would remit to Superior Manufacturing Company approximately 90% of the value of the contracts and retain approximately 10% in a reserve account. In the great majority of cases, these contracts were forwarded Los Angeles either by the officers of Superior in person or by mail. Disbursements were made to them by check either handed to them in Los Angeles if they were there physically or sent to them by mail.

We proceeded to finance Superior on this basis up until June 15, 1961, when our old financing agreement was

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terminated and we entered into a new agreement with Superior Manufacturing Company on an entirely different method of financing. As of June 15, 1961, we purchased from Superior [redacted] as a purchase with full recourse all of the individual contracts then pledged to us. We proceeded to notify the maker of each one of those contracts thereafter to make payments directly to us. The new agreement was prepared by [redacted] of Pacific's legal department and reviewed by Superior's [redacted] of Lubbock, and [redacted] was signed in behalf of Superior by Mr. RUEL ALEXANDER. At that time we arranged to obtain continuing unlimited guarantees covering Superior's obligations to us executed by Mr. COLEMAN MC SPADDEN and his wife, by Mr. ORR and his wife, by Mr. ALEXANDER and his wife.

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The reason for our change in the method of financing Superior was the refusal of the management of Superior to allow our auditors to examine in detail their cash disbursements and cash income records, their bank statements and their canceled checks. At the time of the change in our procedure the outstanding from Superior with Pacific amounted to \$1,516,509.

Under the new plan of financing, a typical transaction would be as follows: Superior Manufacturing Company would presumably manufacture a number of NH3 tanks of various capacities and these would be sold to a purchaser on a conditional sales contract calling for a down payment in most instances of 20%. The offices of the Superior Manufacturing Company would then transmit either physically or by mail to Pacific Finance Corporation at Los Angeles, California, the said conditional sales contract which in itself constituted a note and a chattel mortgage properly assigned to Pacific Finance Corporation and accompanied by the necessary credit information and references to enable Pacific Finance Corporation to check the credit. Upon completion of such checkings and based on their turning out satisfactorily, Pacific Finance Corporation would then purchase that contract for its outstanding

balance less a reserve of 12% and forward the proceeds by check to Superior Manufacturing. Pacific Finance Corporation would then forward by mail to the maker of the contract a payment book with sufficient payment slips in it to cover the number of months of the life of the contract and other literature informing them of the method of payment and the way to proceed under the contract. Subsequently, payments would be received promptly in the ensuing months paid by check signed and in the name of the individual purchasing.

As of March 1, 1962, Pacific Finance held 63 contracts purchased from Superior Manufacturing Company with an outstanding balance of that date of approximately \$4,500,000. Of those contracts as of March 29, 1962, some 26 contracts were in default from one to 30 days.

Early in February of 1962, an officer of the Amarillo National Bank who is a friend of [redacted] Pacific Finance Corporation stationed in Texas, called [redacted] and told him about a newspaper story which had been published by one of the small newspapers in Pecos, Texas. He sent [redacted] a copy of this story.

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[redacted] turned the copy of the story over to his [redacted]
whose home office is in Dallas. [redacted] forwarded [redacted] Texas a copy of the story to me in Los Angeles. The story aroused sufficient suspicion supplementing the doubts we already had and led us to send into the field in Texas an investigating team to audit and investigate and check the validity of the contracts we held and where possible to examine the individual tanks concerned.

On Wednesday, February 21, 1962, a team of men left Los Angeles for various points in Texas. There were 16 men in that party and they were joined by two additional Texas employees of Pacific Finance. They were broken up into eight teams of two men each and were spread in various locations approximately as follows:

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El Paso
Pecos
Midland —
Lubbock
Amarillo

The headquarters center for the operation was located in the Ramada Inn in Amarillo. The instructions to the teams were to talk with each maker of a contract, ascertain that he signed the contract, that the financial statement submitted with it was accurate and represented his financial substance and that he had signed a financial statement. If possible, he was to show the checkers the tanks. They were instructed not to get into arguments with the individual farmers or makers of the notes and were to call by phone immediately after each interview and report what had happened. At approximately 7:00 on the morning of February 22, all eight teams went into the field at once. Reports for the first two to three hours were uniform from all of the reporting teams. The farmers were cooperative, they verified the accounts, they verified their financial statements and they were very friendly. Starting between 10:30 and 11:00, it suddenly became very difficult to find the farmer. They had gone to Dallas, or they had gone out of the state or they were away hunting and wouldn't be back, in short someone had ordered them not to be available. However, covering the situation in a blanket method such as we did, we managed to talk to about 60% of our accounts before the blanket shut down. We then had our teams cease checking with the farmers and instead turn to the various County Recorder's Offices to check out the recording on tanks no matter in whose favor the mortgages went. By the end of the day it was obvious that we had a serious situation on hand and we telephoned Dallas and summoned [redacted]
[redacted] in Dallas, to come and meet with us in Amarillo.

[redacted] On March 8, 1962, [redacted]
went from Dallas to Lubbock to the law offices of [redacted]
to interview Mr. BILLIE SOL ESTES. [redacted]

[redacted] to join

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[redacted] in the interview. We understand, however, from [redacted] that what transpired is about as follows: Mr. ESTES never would admit outright that there were no tanks supporting the various conditional sales contracts but clearly inferred that there were none. He also stated numerous times that he knew he was playing with penitentiary dollars but that he needed them. He outlined in broad form the scope and nature of his operations and the mechanics of how each transaction was put together. He also stated that he was a friend and protector of the farmers and that if we proceeded against the farmers to collect our notes he would get on the stand and swear he forged everyone of them. He ascerted that he controlled Superior Manufacturing Company by being so heavily in its debt and that was his general method of operation, either to become so indebted to another that they could not afford to fail to obey his instructions or else to get someone else so indebted to him that he could control him. He made reference to the fact that he was prepared if necessary to go to Brazil and in fact had arrangements with a young lady by the name of [redacted] who speaks fluent Portuguese to go with him. He conceded that he no longer was able to peddle contracts and therefore his bubble had come to an end, that he no longer could keep up the payments of his rentals on leases and thereby provide the farmers with the money to pay the installments on their contracts. He said that his monthly rental payments at this point represented a figure somewhere in excess of \$500,000 per month. During the course of his conversation, he implicated in his activities Messrs. ORR, ALEXANDER and MC SPADDEN.

On Monday, March 12, 1962, [redacted] proceeded again to Lubbock to the law office of [redacted] for the purpose of interviewing COLEMAN D. MC SPADDEN. Upon this occasion, after opening protests, [redacted] was allowed to attend the meeting. Mr. MC SPADDEN was quite contrite and said he would turn over all of his assets to any representative group of the people holding these contracts or to a trustee or in fact would do anything to try to straighten his affairs

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out. He also stated at that time that if left alone, he had sufficient income to keep up the payments and that the whole thing could be worked if he were not disturbed. Since that time, he has changed his mind. Mr. MC SPADDEN informed us that he had originated or cause to be originated some six contracts which had been sold to Pacific Finance Corporation, which were then outstanding. He also made the flat statement that there were no tanks in existence to support those contracts although they were alleged to be tanks on the face of the contract. He was asked why he used BILLIE SOL ESTES as a maker of some of the contracts and he said, well, he just needed a name and that was the first one he thought of and he had forged Mr. ESTES' name to those contracts.

Mr. MC SPADDEN told us that he had not decided whether to consider the funds which he had received from Superior from the fraudulent contracts as loans or as income. He in addition said he had given little thought to his income tax problem.

He said that BILLIE SOL ESTES had told [redacted] and other makers of the note to stop making payments on their contracts. He admitted that he used the money received from Pacific Finance Corporation through Superior to help pay for his grain elevators. He said that the idea of selling contracts without security originated with [redacted]

[redacted] Superior Manufacturing Company. Mr. MC SPADDEN said he would not pool his assets with Mr. ESTES. He admitted that he owed \$2,049,000 as of that date to finance companies on tanks and other allied equipment. He said he has a 1600 acre ranch in Oklahoma and that we were welcome to have an accountant examine his books and records. He will show us all of his assets and he stated that there are no suits or judgments now pending against him. He stated that he does business with the following banks:

The Hereford State Bank, Hereford, Texas
Citizens National Bank, Lubbock, Texas
Citizens State Bank, Tucumcari, New Mexico
First State Bank, Earth, Texas

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He denied having any present connections in a business way or any other way with BILLIE SOL ESTES. He furnished us with a schedule of his indebtedness to the finance companies showing the original amount and the amounts then outstanding as follows:

Walter E. Heller and Company, Chicago - original \$973,000, balance \$879,000.

Pacific - \$487,000, balance \$428,000

Pioneer Finance Company - \$258,000, balance \$217,000

Associates Investment - \$216,000, balance \$189,000

C.I.T. - \$179,000, balance \$130,000

Kuykendall Investment of Lubbock, Texas - \$146,000
balance \$144,000

Commercial Credit Company - \$74,000, balance \$63,000

Totals - original amount \$2,332,589.79, balance
then outstanding \$2,049,998.87.

Mr. MC SPADDEN said that he recognized the seriousness of his position, that he would do anything within his power to try and work out of his present untenable position, and that he had no intention of going anywhere, he would stay and work with us.

Both ESTES and MC SPADDEN operated on a similar basis, which might be outlined as follows:

Either they personally or through one of their assistants or employees would go to a potential investor, usually a farmer. They would explain to this man that Mr. ESTES or Mr. MC SPADDEN needed more tanks in the operation

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of fertilizer business but that he did not wish to tie up that much capital in rolling stock and also that it would be very disadvantageous to him because the government would make him depreciate the tanks over such a long period of time. Therefore, they had worked out a method of obtaining these tanks which would be greatly to the advantage of Mr. ESTES or Mr. MC SPADDEN and greatly to the benefit of the farmer or investor. The way this was done is as follows:

Mr. ESTES or Mr. MC SPADDEN would give the farmer a check representing 20% of the cost of the tanks to be purchased. This 20% was to be used as a down payment and was deposited in the farmer's account. The farmer then ordered the necessary tanks to be manufactured by Superior Manufacturing Company and drew his own check on his bank account for the down payment. Simultaneously Mr. ESTES or Mr. MC SPADDEN would execute a lease between himself and the farmer calling for the leasing of the tanks for a period of three or five years at a rental which would equal monthly the contract payments on the conditional sales contract through which the farmer would purchase the tanks from Superior. These rental payments would be due from Mr. ESTES or Mr. MC SPADDEN approximately seven days prior to the time that the contract payment was due monthly to Superior or to the holder of the contract. The payments made by Mr. ESTES or Mr. MC SPADDEN for their rental would be deposited in the farmer's bank and subsequently he would draw his own check against that account and submit his payment under the conditional sales contract.

The conditional sales contract would cover the unpaid balance on the cost of the purchase of the tanks and would be given to Superior Manufacturing Company, which would endorse it and assign it to any one of the several finance companies on a discount basis for cash. The Superior Manufacturing Company would then take the money received as the down payment and return that to Mr. ESTES or Mr. MC SPADDEN. They would also calculate what would be approximately their normal

manufacturing profit on the tank and withhold that amount from the cash received from the finance company. The balance of the cash would be forwarded to either Mr. MC SPADDEN or Mr. ESTES.

The Superior Manufacturing Company would issue a letter addressed to the farmer or investor stating that in the event the leasee, ESTES or MC SPADDEN failed to make their rental payments, the Superior Manufacturing Company would accept back from the farmer or investor the tanks in question in full payment and complete cancellation of his debt to Superior Manufacturing Company. The existence of this letter was never known by any of the finance companies. The letter was also a trap because in the majority of cases, there were no tanks and therefore the farmer could not have produced the tanks to be so repurchased by Superior Manufacturing Company. Mr. ESTES and Mr. MC SPADDEN got around to the question of tanks by saying they needed them in their far-flung operations and there was no need for the farmer or investor to take delivery of the tanks, that they, ESTES and MC SPADDEN would accept delivery of the tanks at Superior in Amarillo and move them directly from there to the scene of their operations. Therefore, the farmer or investor seldom if ever saw the tanks he was purchasing.

As added consideration for the farmer or investor entering into this transaction, he would be paid in cash by Mr. ESTES or Mr. MC SPADDEN 10% of the cost of the tanks being ordered. In a number of instances, particularly with Mr. ESTES, it appeared that he used the cancellation of farmer's debt for fertilizer in lieu of this 10%.

As a matter of background in Mr. ESTES' operations, back some six or seven years ago, perhaps a little longer, he had operated successfully in the beginning as a distributor of fertilizer and as a cotton farmer. He had succeeded in getting a number of farmers in the Pecos and Lubbock areas indebted to him. Subsequently, there were several poor crop years and the farmers were unable to take care of their

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indebtedness. After the first year and into the second year, he collected money from the farmers by having them mortgage various farm equipment including pumps, tractors, and other machinery. By the third year they were out of machinery and financing imaginary machinery. This activity came to an end when the source of their financing recognized that there were more pumps financed than could possibly exist. Apparently sometime in 1959 Mr. ESTES conceived the idea of financing anhydrous ammonia tanks manufactured by Superior Manufacturing Company. It appears that he went to Messrs. ALEXANDER and ORR and got them to issue a conditional sales contract on some non-existent tanks at this time with the promise that he would return the money to them in a few days. Subsequently he could not return the money and in fact induced them to issue more contracts without tanks because he needed additional money. He needed this additional money in order to keep up payments on already existing mortgages signed by the farmers and for his debts for anhydrous ammonia and operating expenses. From that start his operations have followed the same pattern and mushroomed to their scope today.

FEDERAL BUREAU OF INVESTIGATION

Date April 2, 1962

On March 29, 1962, [redacted]
 [redacted] Pacific Finance Company, 621 South Hope Street,
 Los Angeles, California, advised as follows:

Pacific records show that Pacific Finance Commercial Division, Los Angeles, purchased a time contract from Superior Manufacturing Company of Texas by a check in the amount of \$55,968.00 dated October 20, 1961. This was in effect a loan to the Superior Company and the Pacific Company received Chattel Mortgages on 100 anhydrous ammonia tanks which mortgage was filed in Volume five, Page 35 of the Hudspeth County Clerks records and was assigned Hudspeth County number 13166.

CRANE advised that the assignment of this contract to Pacific by Superior was signed by HAROLE E. ORR, Vice President of Superior Manufacturing Company. The time contract itself was by the Gene Wells Oil Company and was signed by GENE WELLS, President of the Gene Wells Company. As the Gene Wells Oil Company was the responsible party and the Superior was merely the handler of paper assignment of full recourse was requested by Pacific from Superior and was received, signed by HAROLD E. ORR.

An offer to sell the above time contract to Pacific was first received by them on August 28, 1961 which offer was submitted by transmittal letter from Superior to Pacific which letter was signed H. E. ORR. This first offer was for \$182,013.00 with a down payment of \$36,413.00 for a net of \$145,600.00. This was refused by Pacific on September 18, 1961. The offer was resubmitted and on October 20, 1961,

[redacted] Pacific Finance agreed to buy the contract and sent the previously mentioned check to Superior Manufacturing Company. These officers of Pacific Finance checked with [redacted] who was at Phoenix, Arizona, and handled the geographical area for which this contract called for the ammonia tanks to be in. [redacted] had advised them to turn the first offer down stating that the Gene Wells Company was not strong enough to be given so large a contract. He approved the

On 3/29/62 at Los Angeles, California File # Los Angeles 87-15971

by SA [redacted] tgr 53 Date dictated 4/2/62

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second submission. [redacted] is presently in the hospital in Phoenix with a serious heart ailment.

In the event these records are needed, a subpoena should be issued to [redacted]

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FEDERAL BUREAU OF INVESTIGATION

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4/3/62

Date _____

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On 3/30 and 4/2/62 at [redacted] Maryland File # BA 87-7324

by SA [redacted] /ep Date dictated 4/2/62

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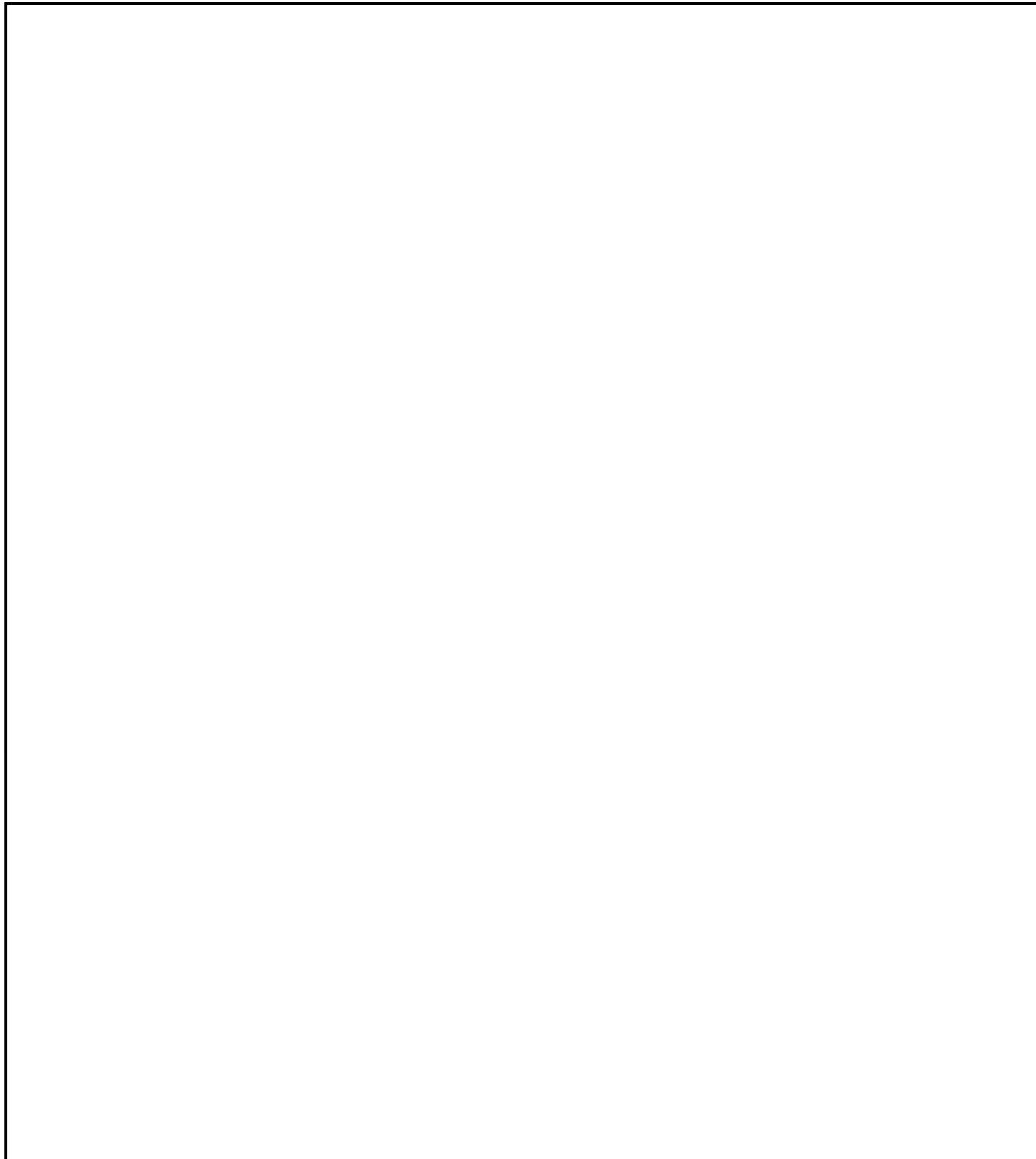
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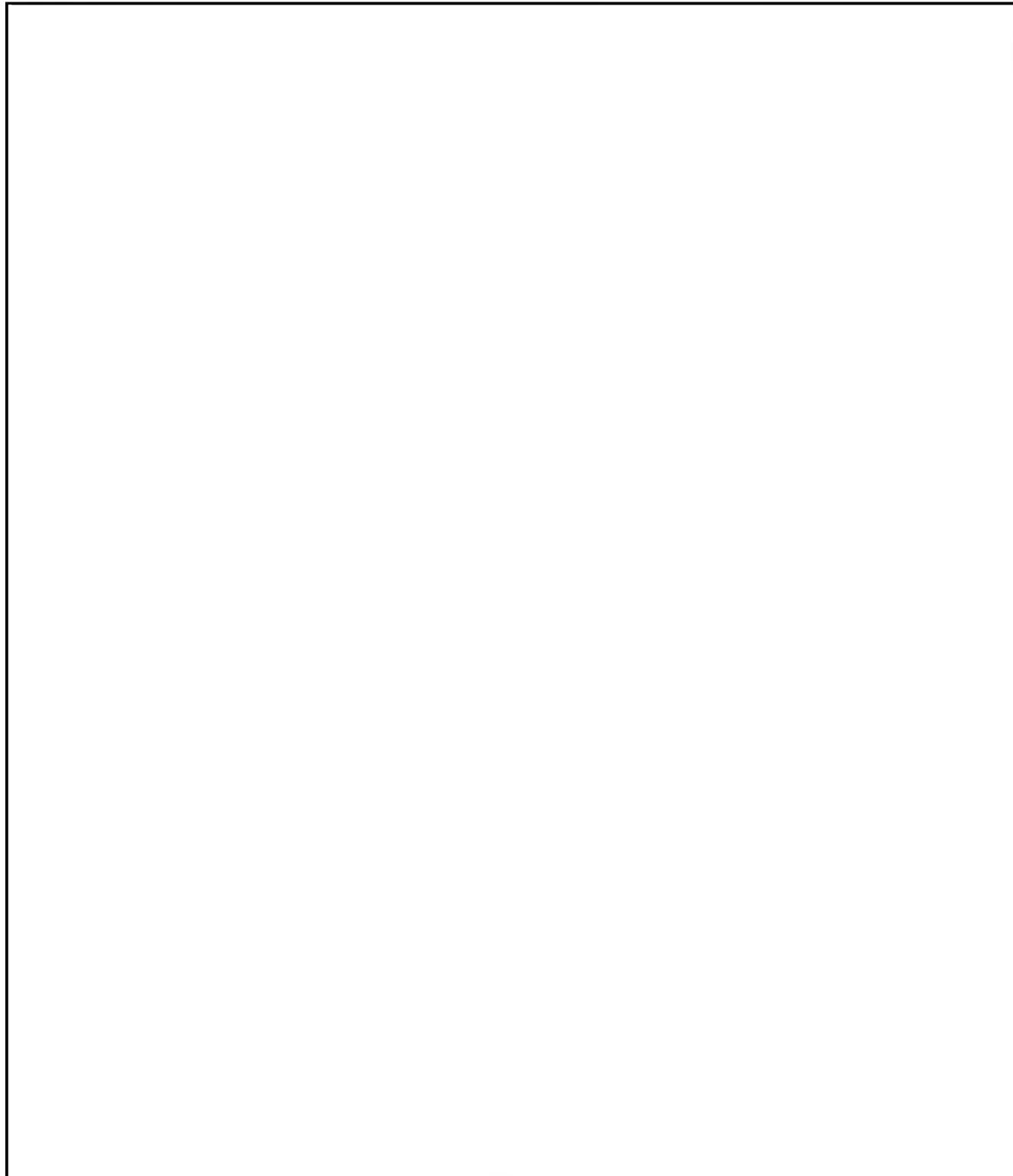
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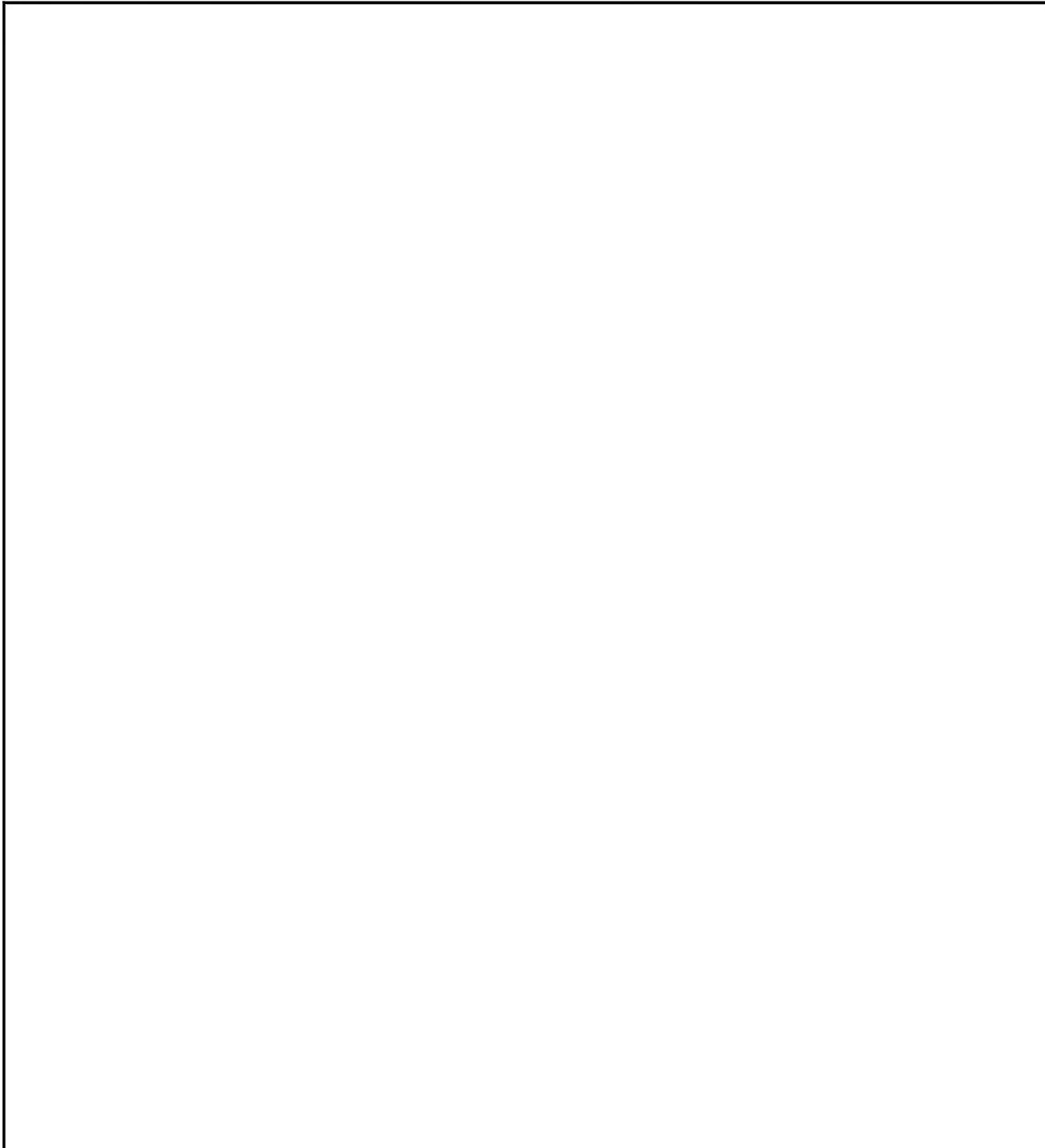
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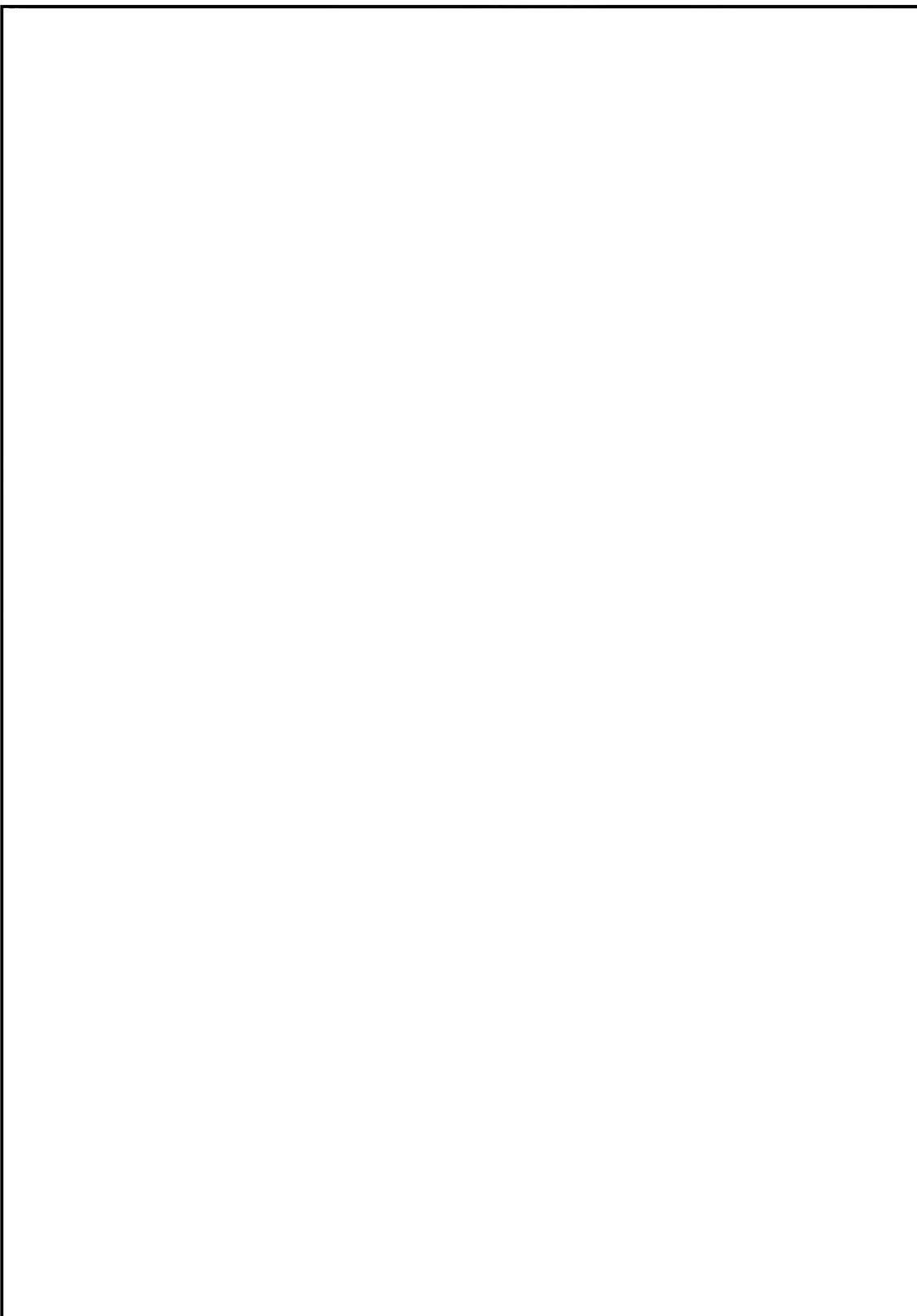
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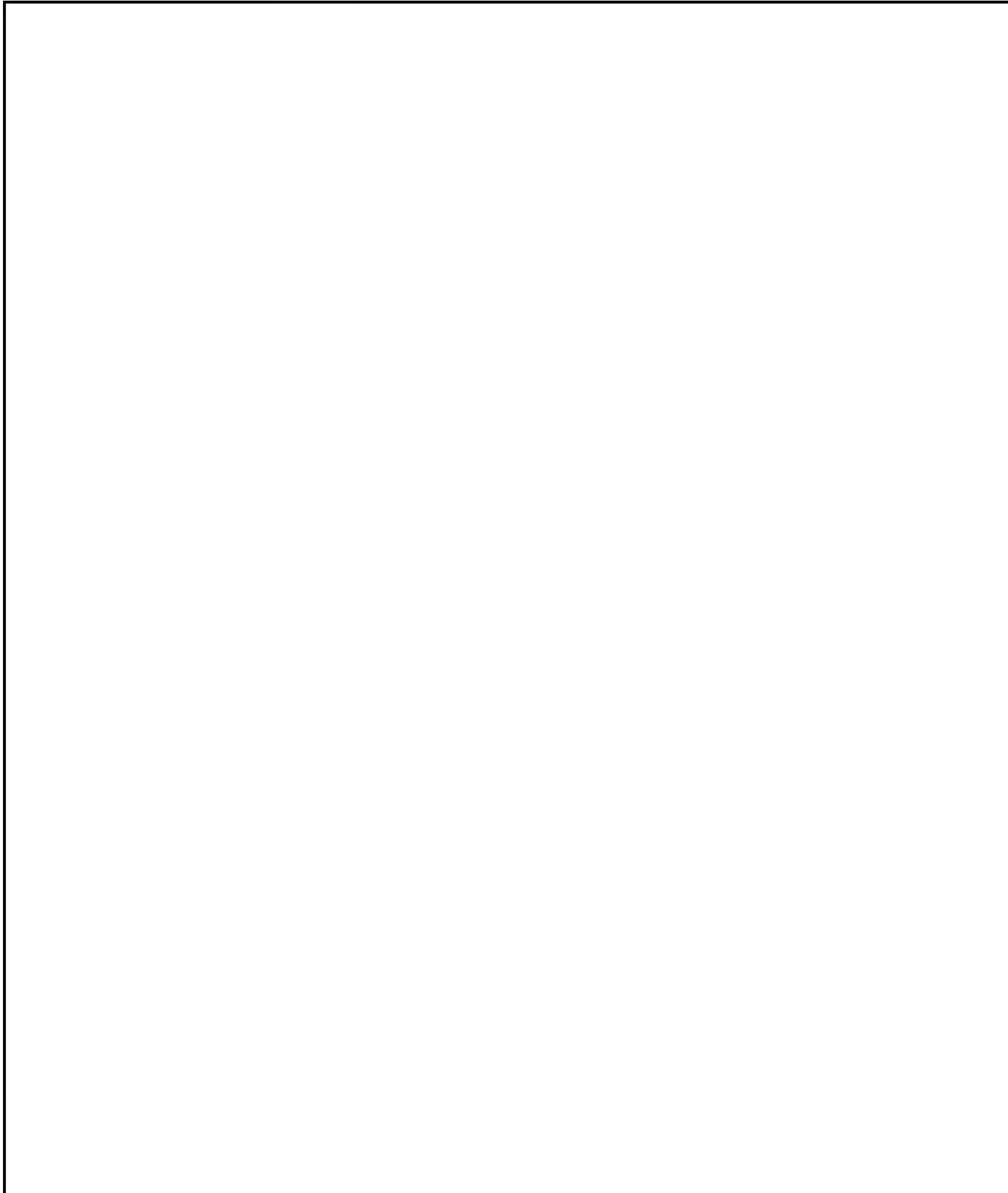
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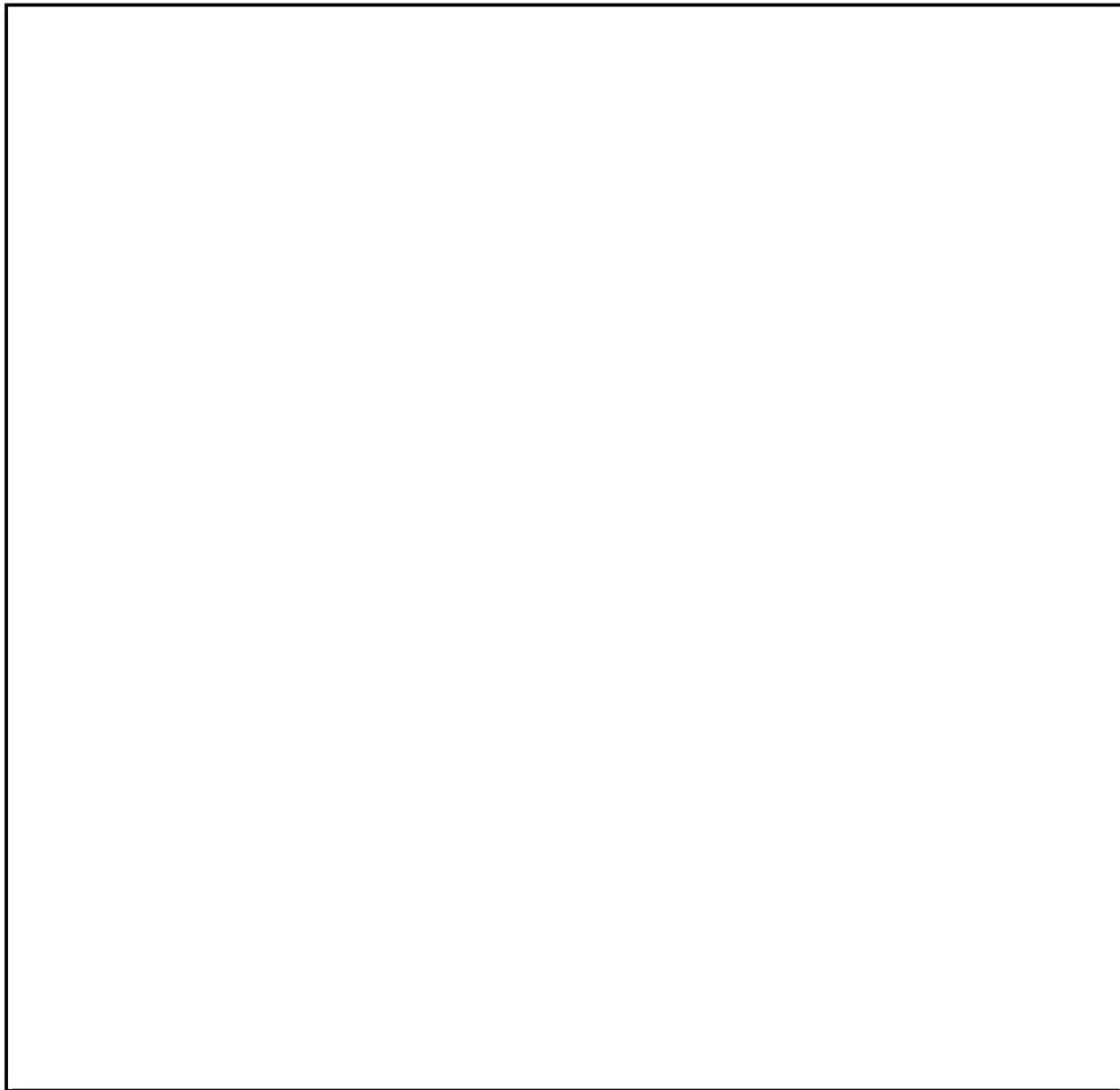
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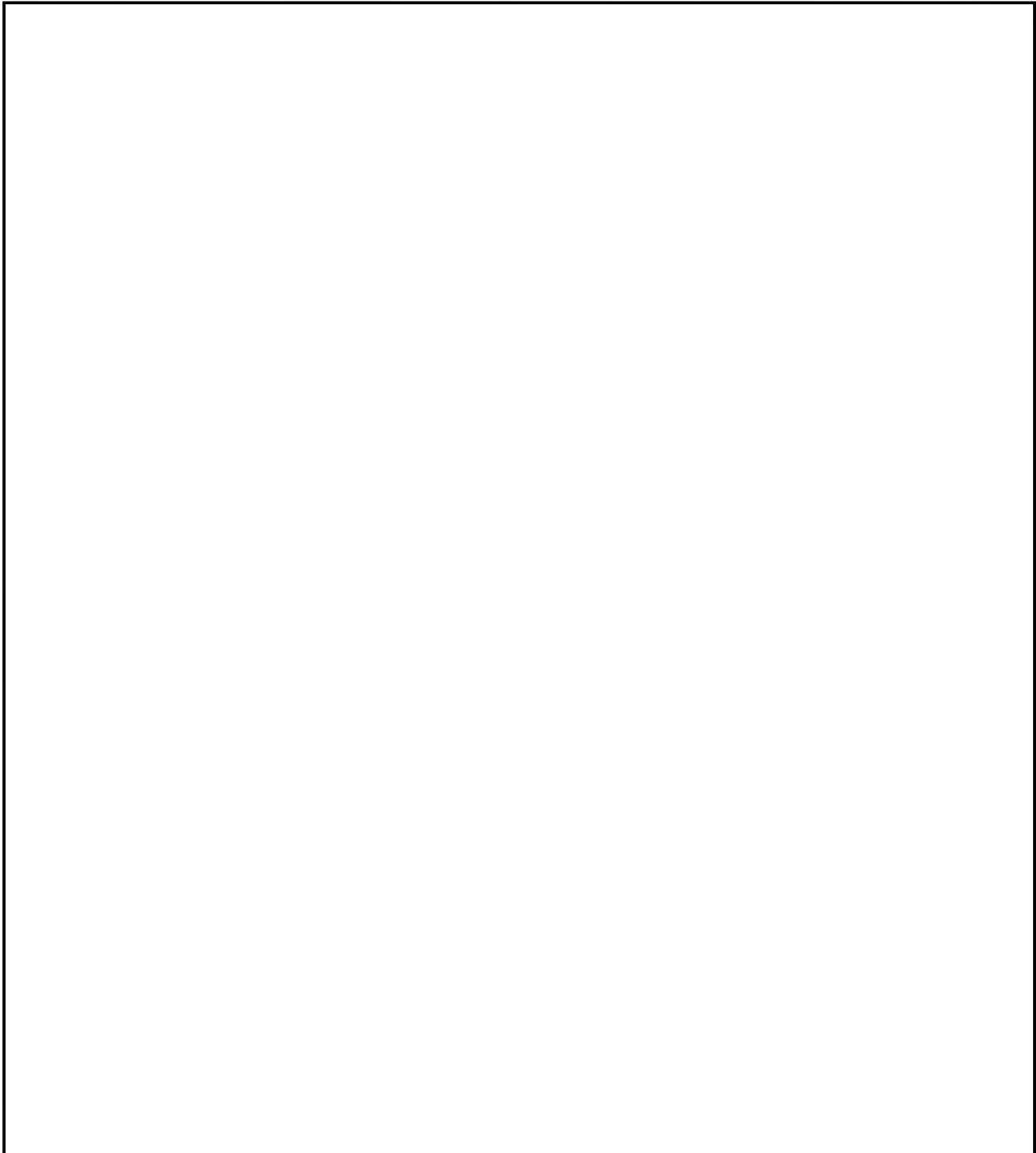


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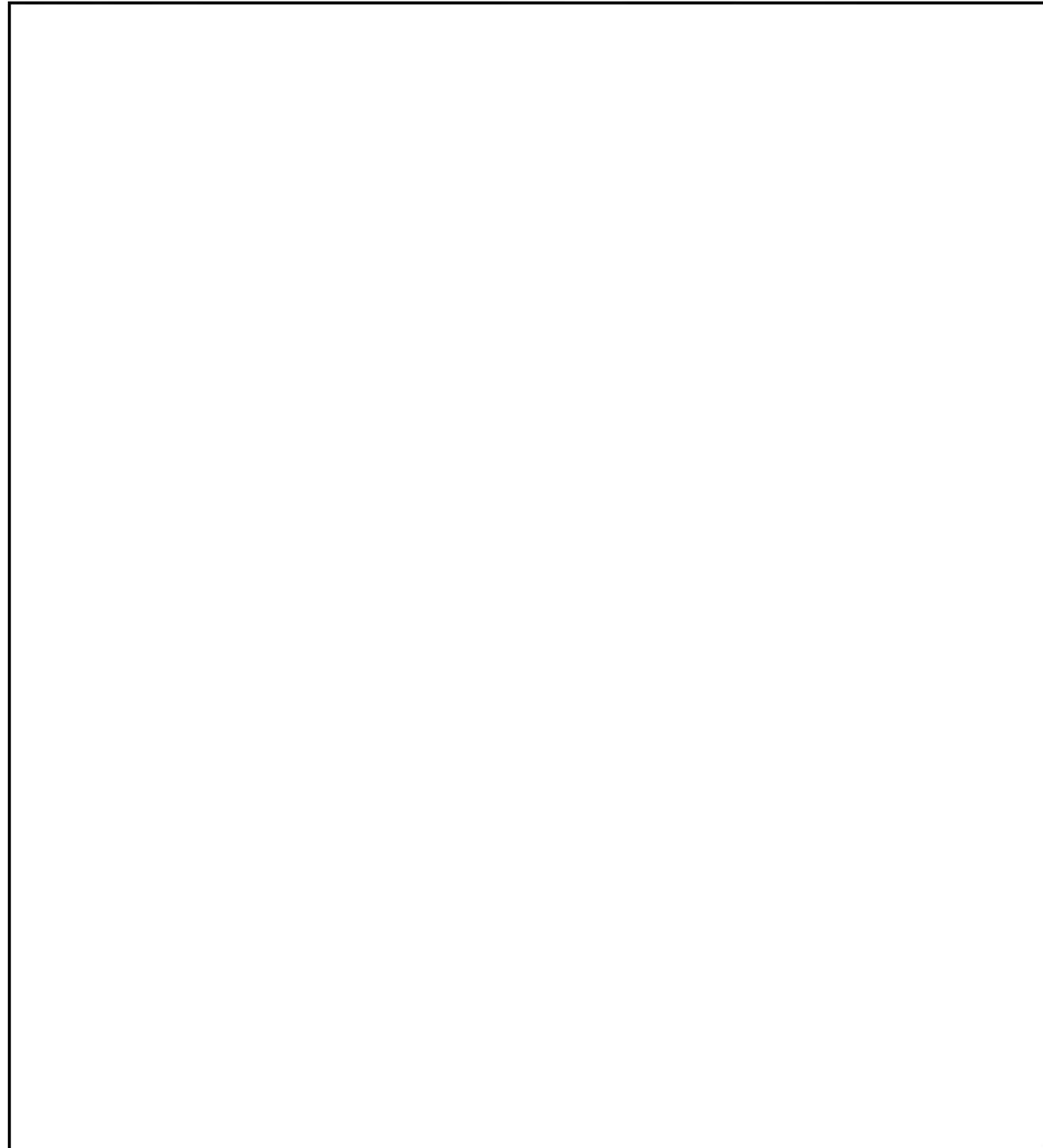
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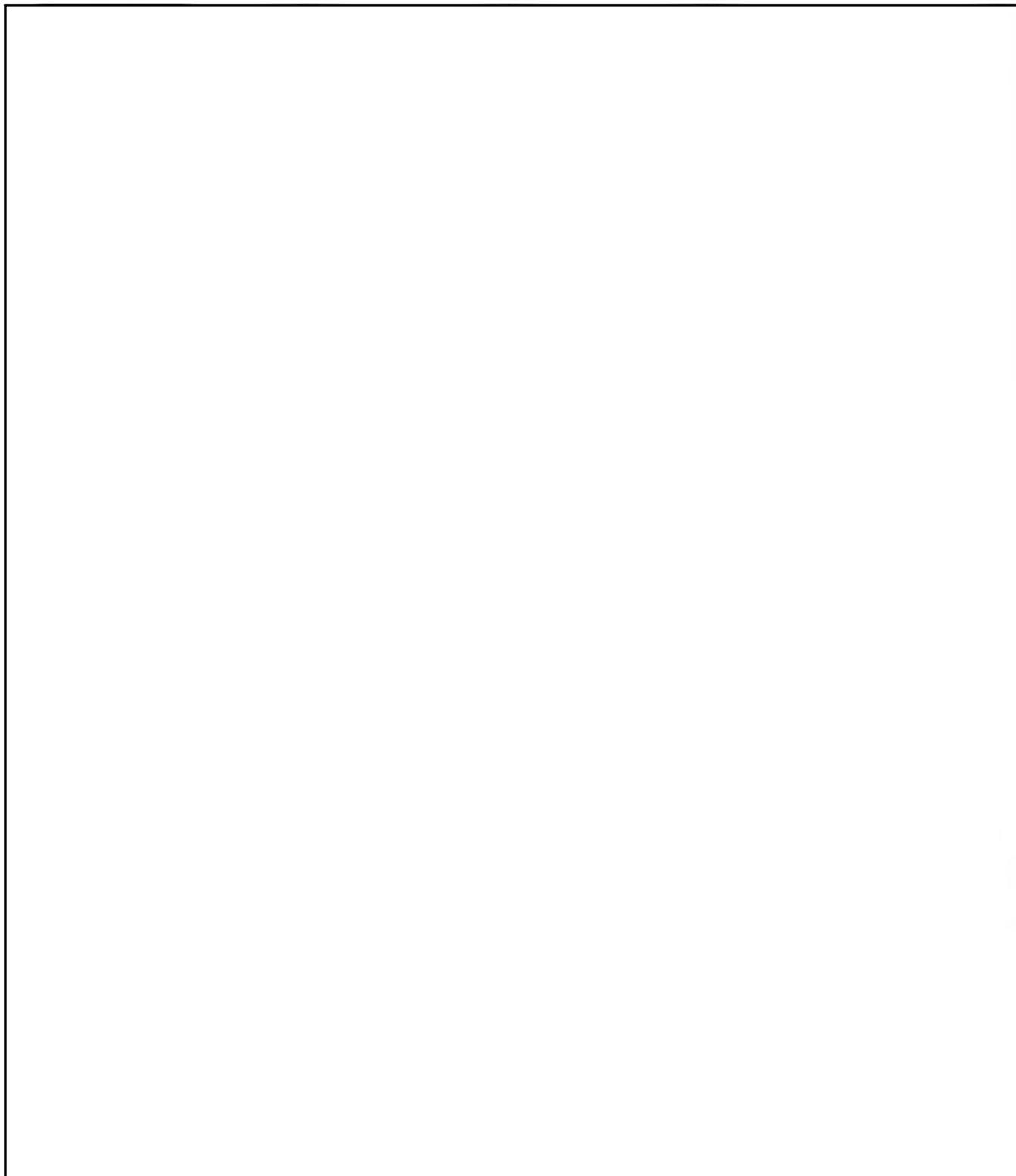


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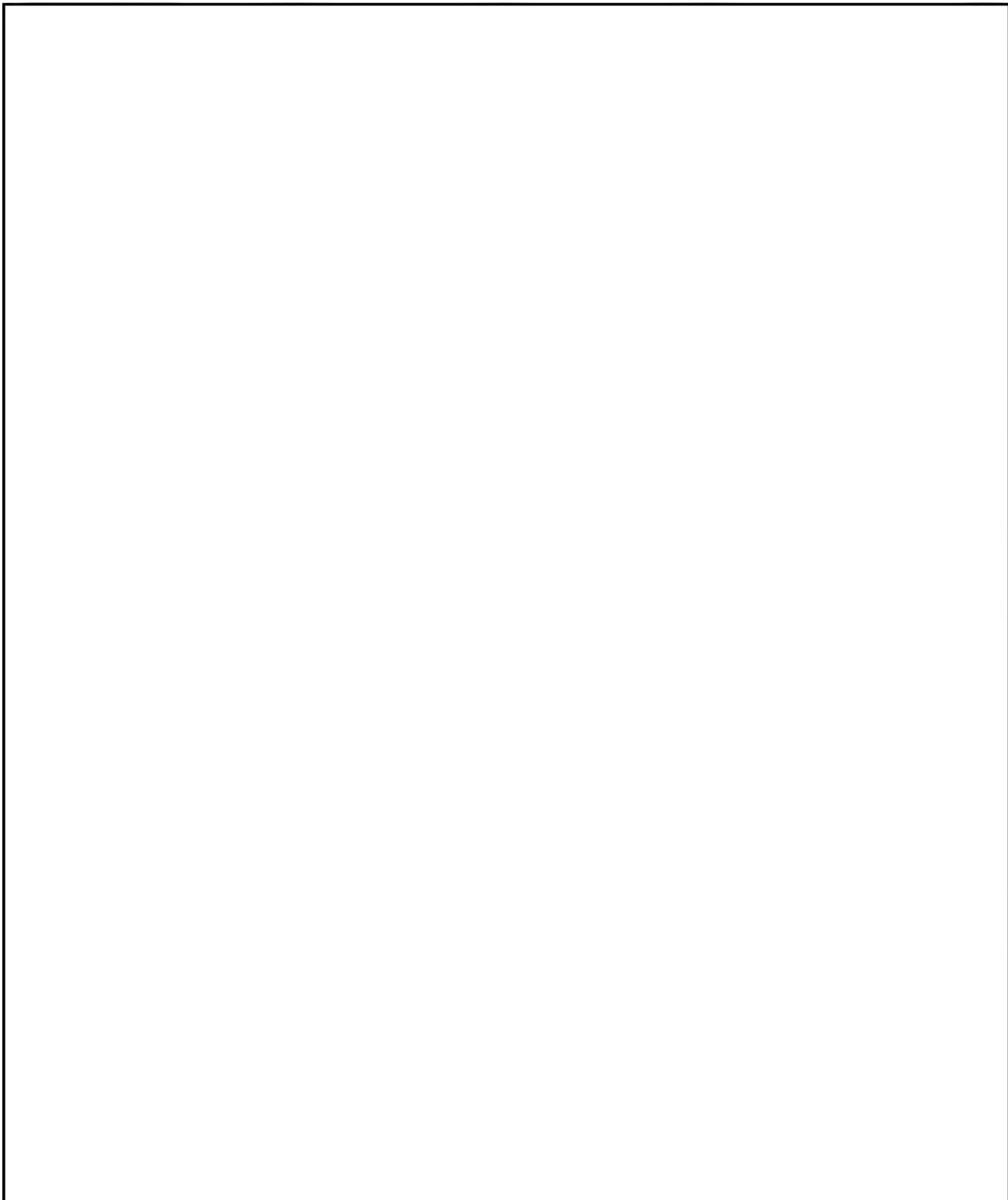
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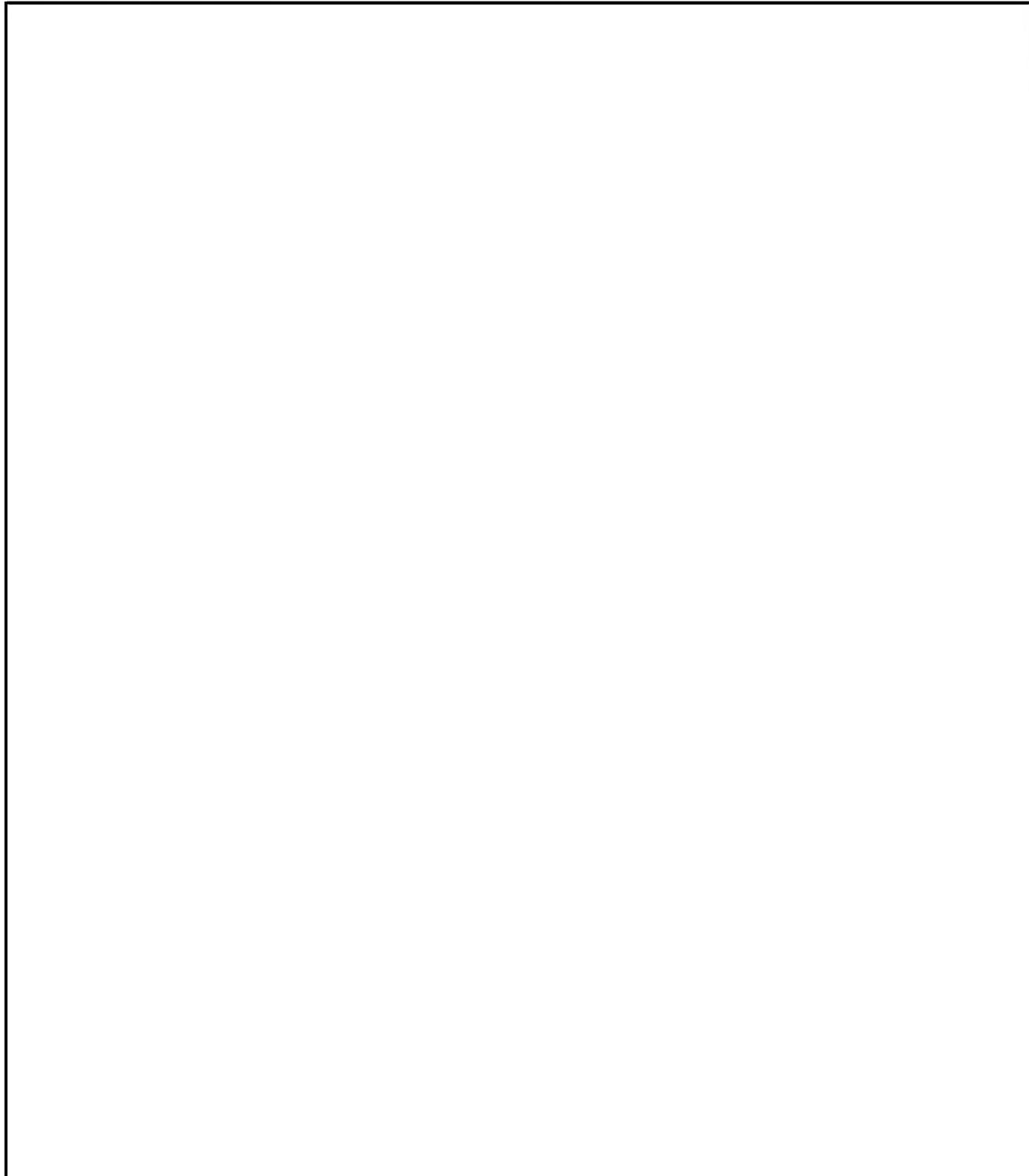
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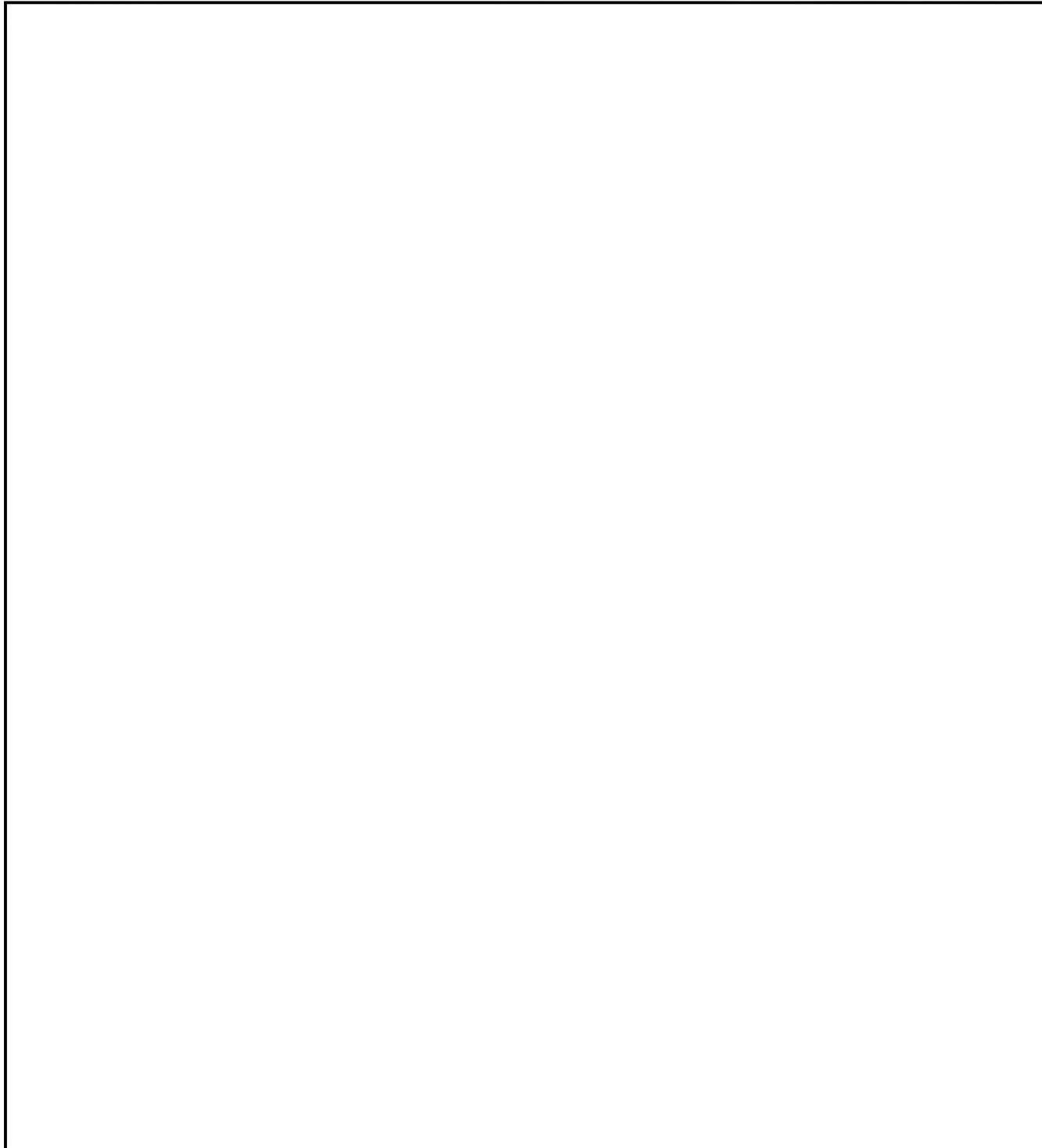


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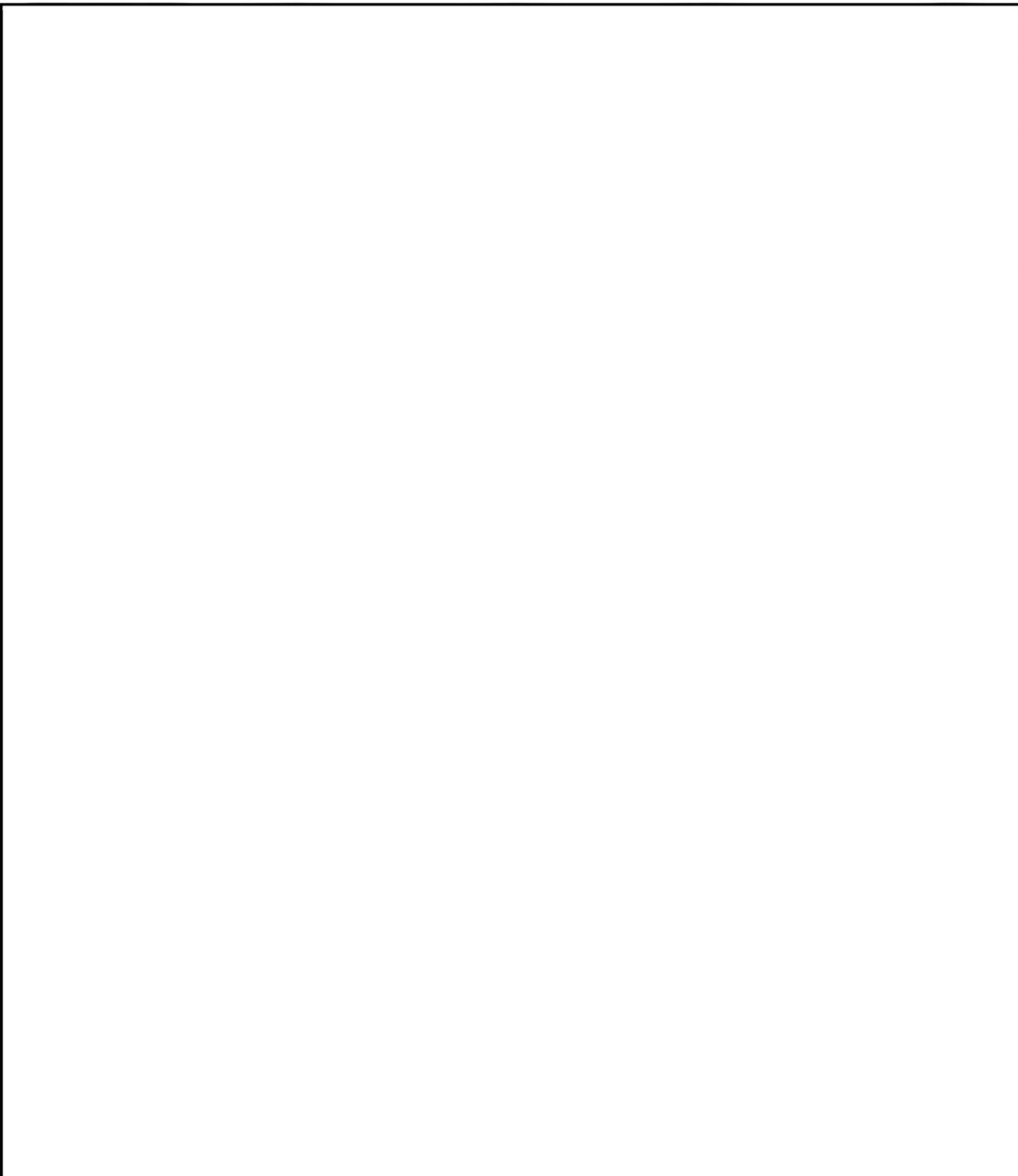
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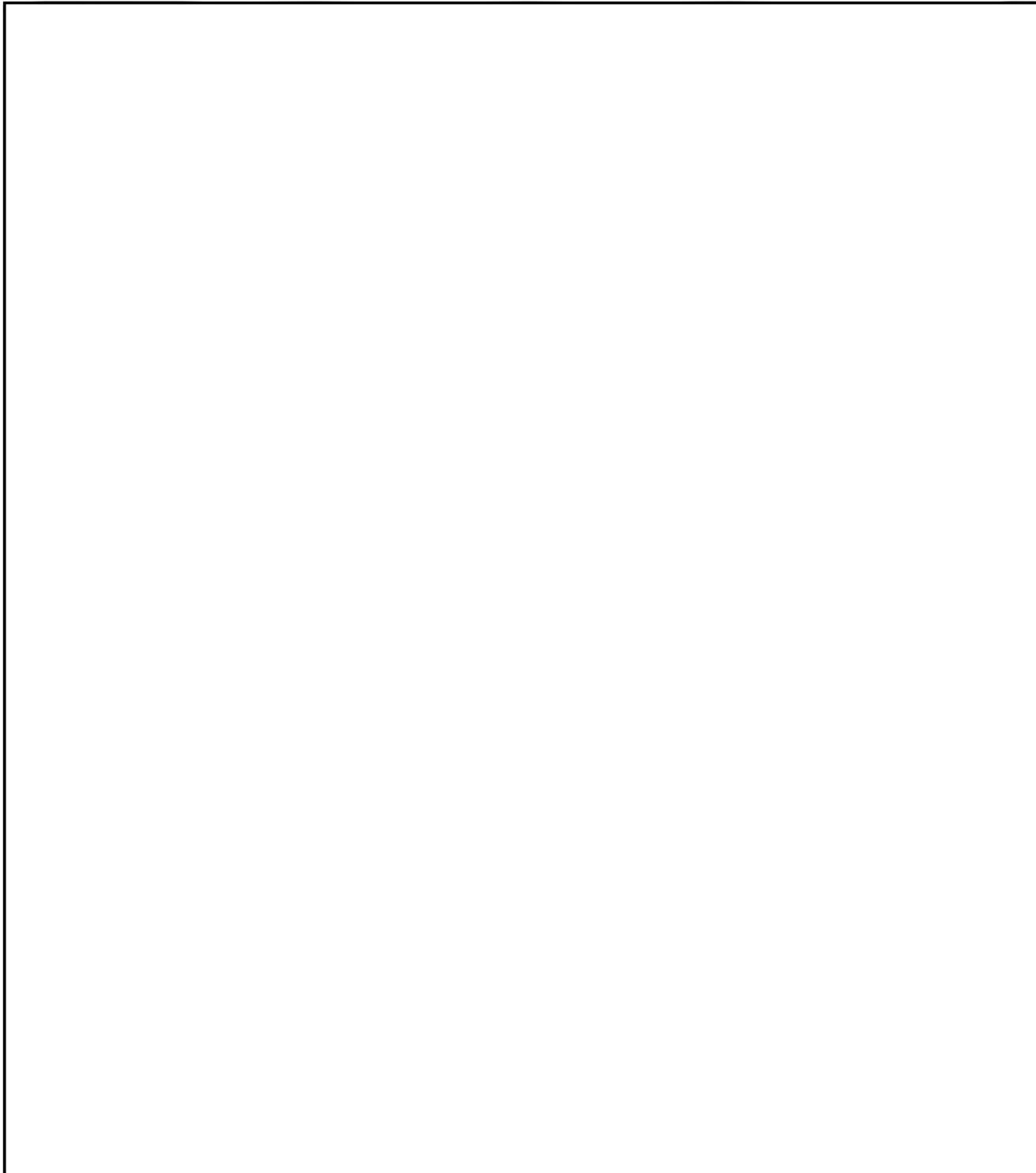
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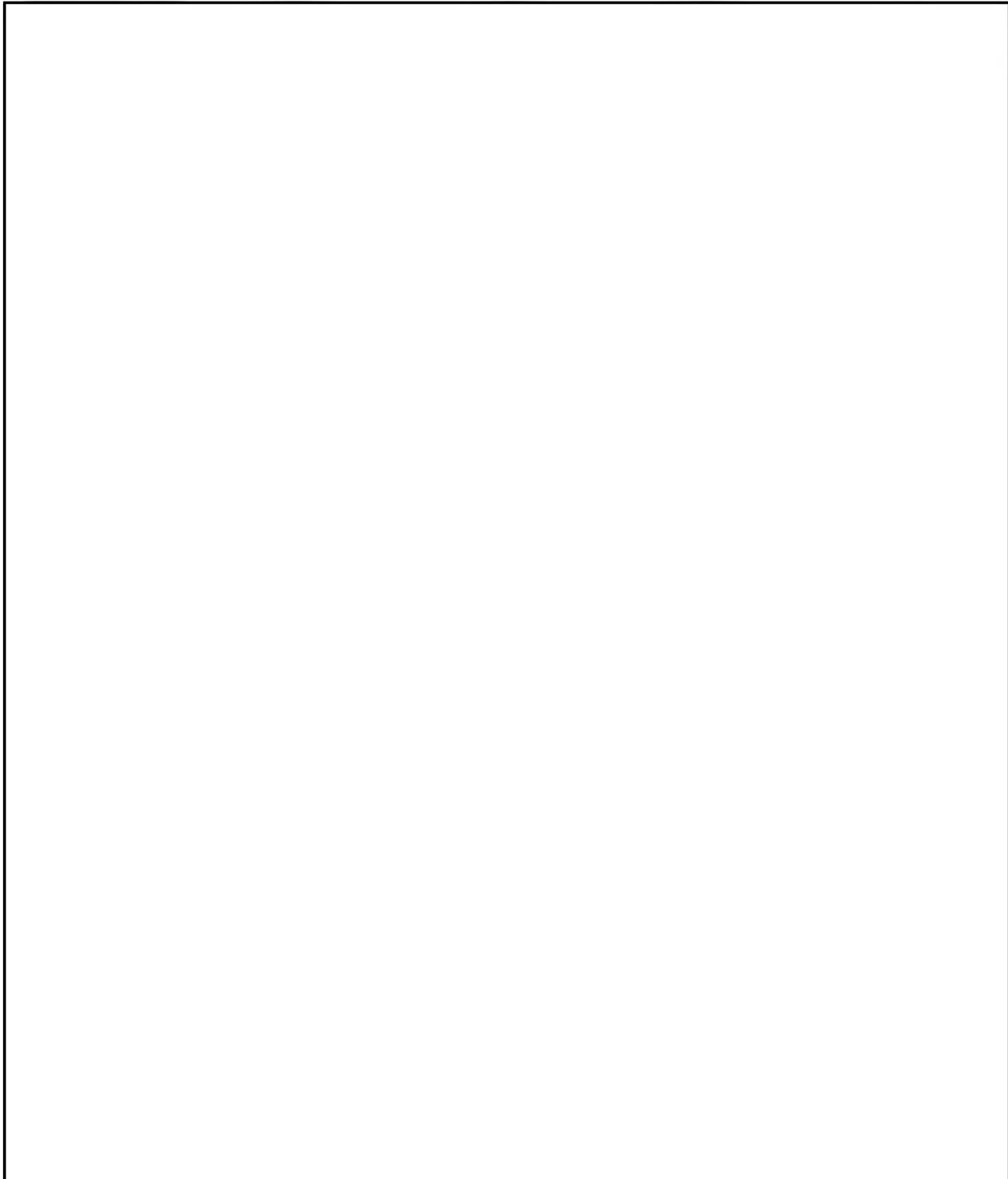
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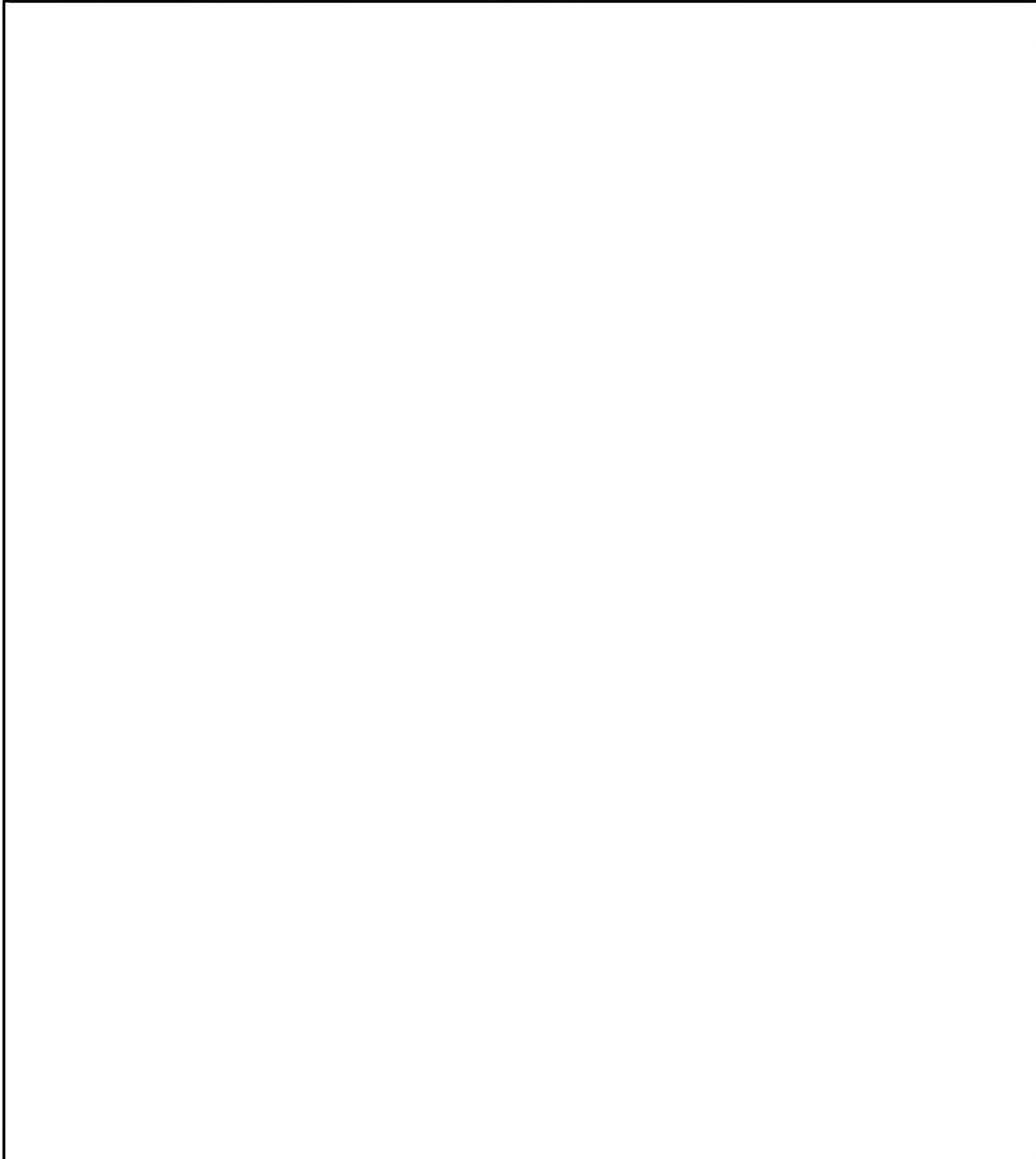
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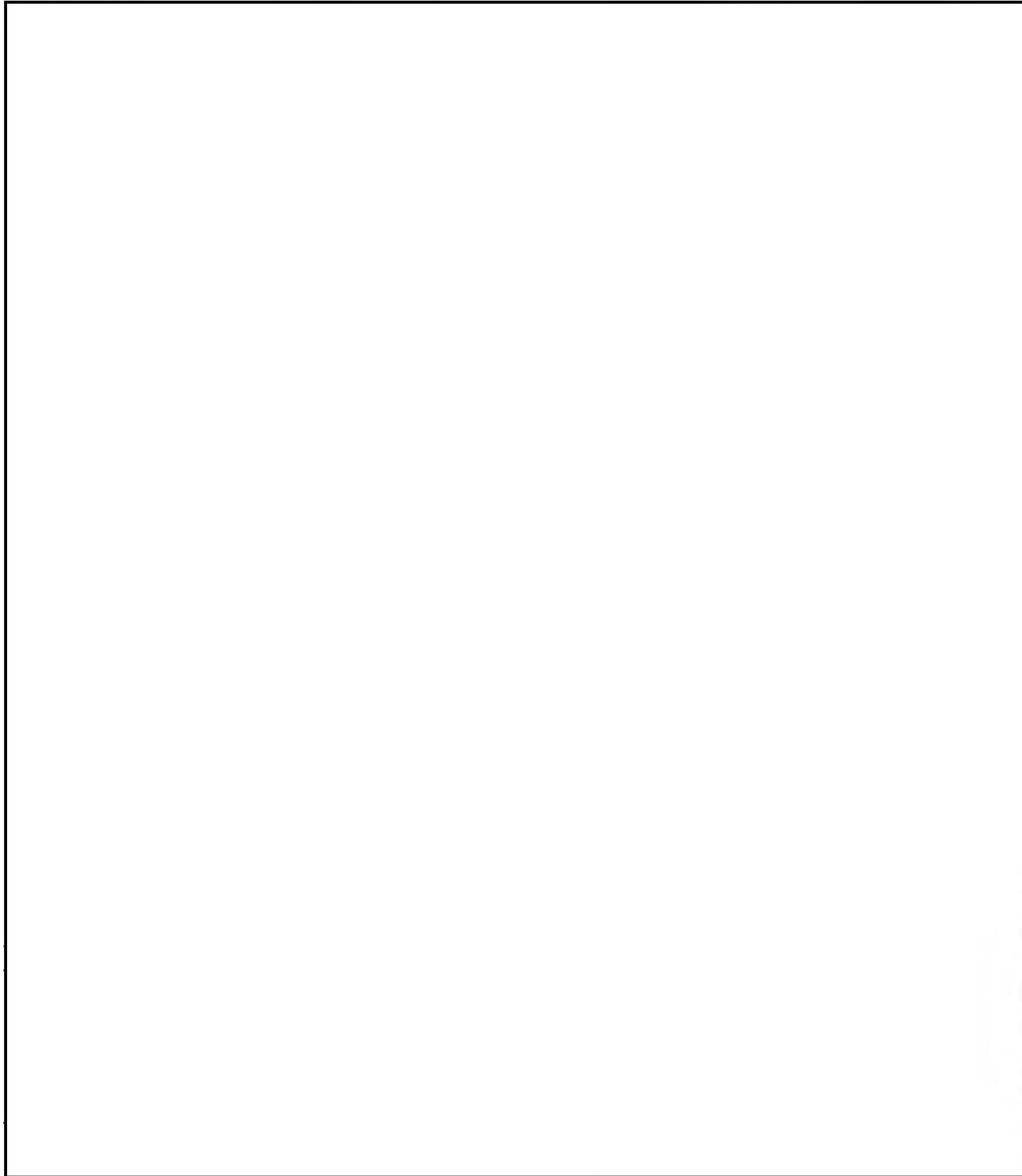
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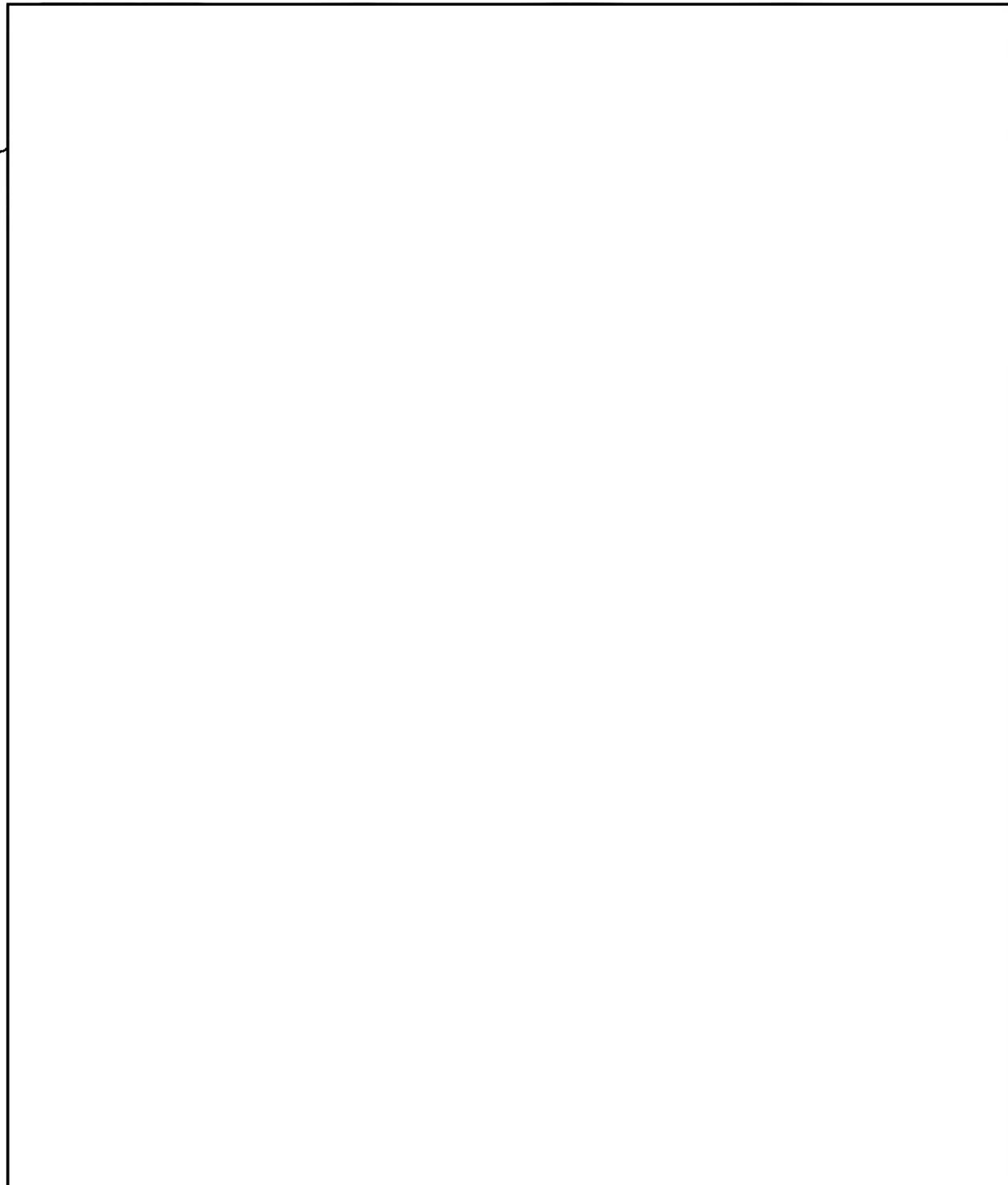
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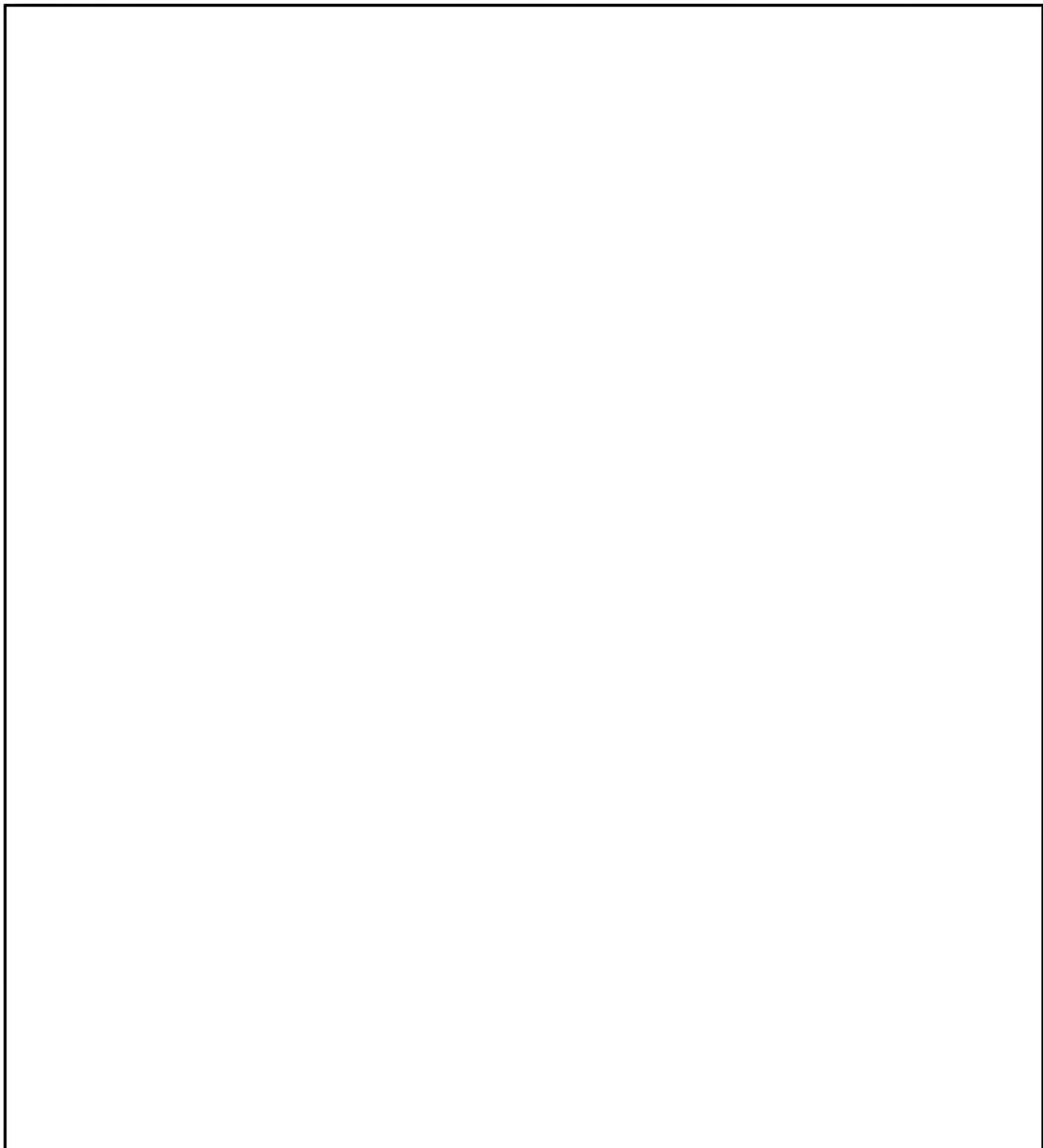
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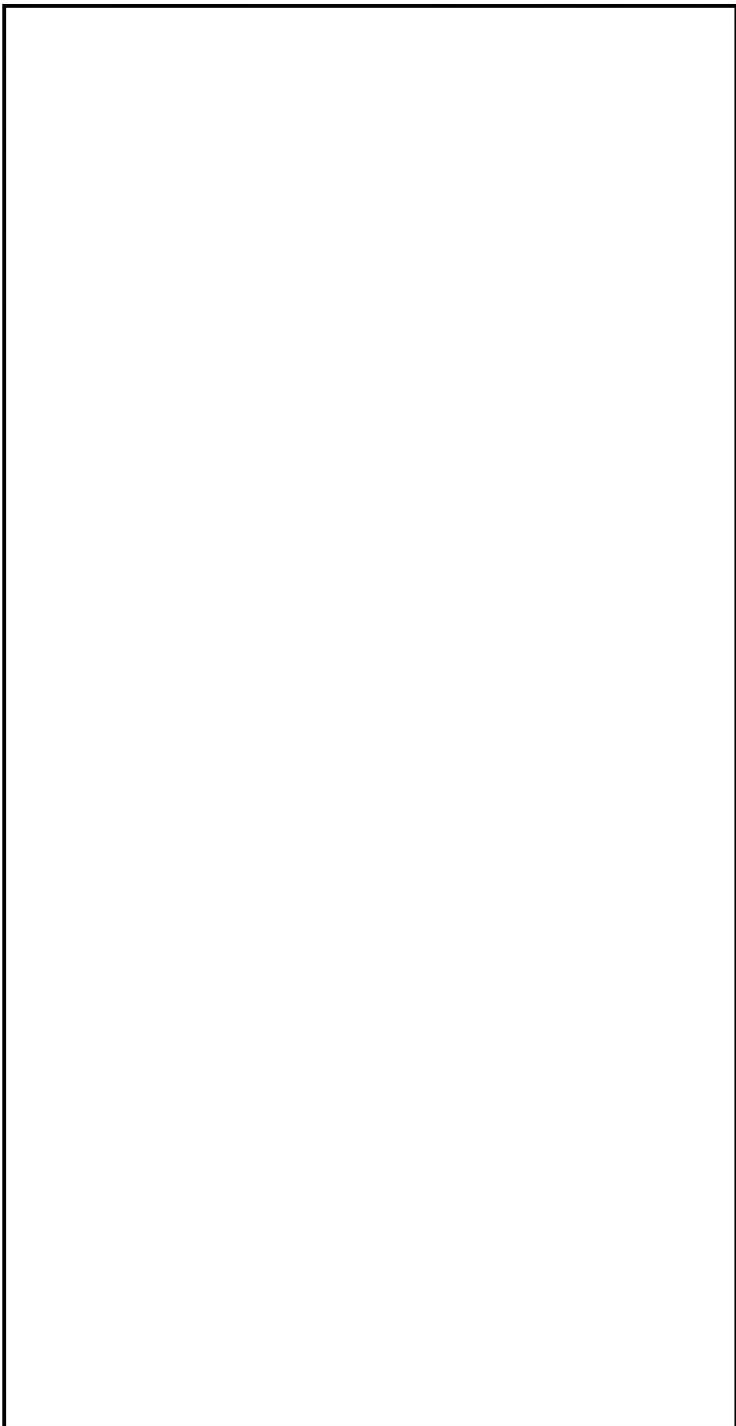


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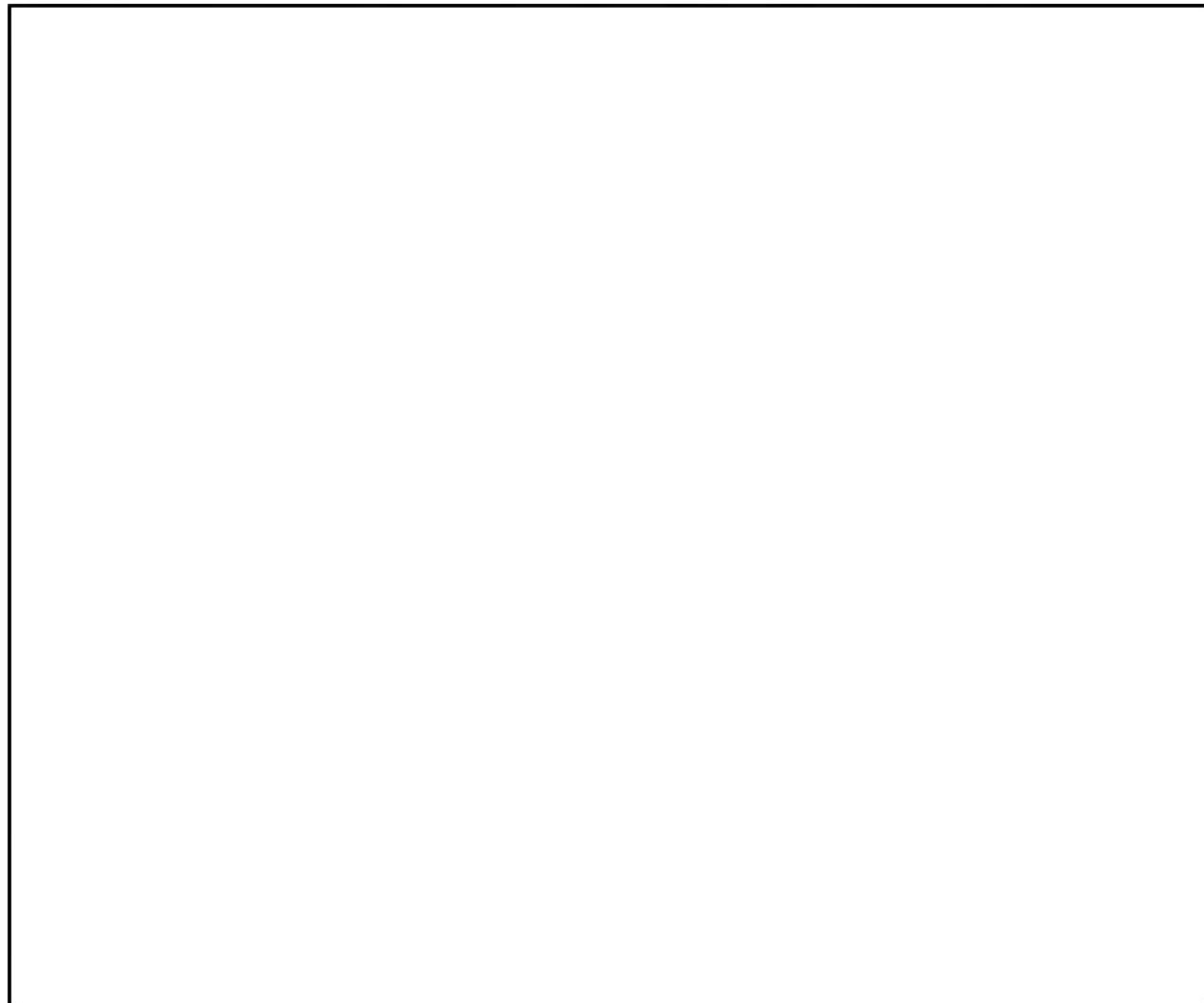
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In the event that the records of [redacted]
are needed for evidentiary purposes, a subpoena duces tecum
should be directed to [redacted]
[redacted]

FEDERAL BUREAU OF INVESTIGATION

Date April 6, 1962

[redacted] Pioneer Finance Company, First National Building, was interviewed at his place of employment. *Detroit, Mich.*

[redacted] stated that he desired to cooperate with the FBI in the investigation of BILLIE SOL ESTES, his associates and the Superior Manufacturing Company in every possible way. He stated that he would arrange to have copies of any material in the files of the Pioneer Finance Company produced at the request of the FBI for use in the investigation of the aforementioned matters.

[redacted] advised that during 1960 he hired [redacted] Pioneer Finance Company. Previous to his association with Pioneer, [redacted] had been personally acquainted with HAROLD ORR, whom he believed was the Vice President of the Superior Manufacturing Company of Amarillo, Texas. [redacted] Pioneer for a relatively short period when he was contacted by ORR, who presented [redacted] with the proposition that Pioneer purchase mortgages given to Superior by various Superior customers as a result of their having purchased ammonia tanks. The ammonia tanks allegedly had been manufactured on a large scale by Superior. The agreement to purchase these mortgages was verified by letter from Pioneer to Superior dated September 28, 1960, and accepted by Superior on October 1, 1960.

[redacted] said that all of the dealings by Pioneer were with the Superior Manufacturing Company and transactions were handled directly by the main office of Pioneer in Detroit. There were no pertinent transactions involving branch offices of Pioneer.

According to [redacted] October 1, 1960, could be considered the date on which Pioneer officially began negotiations for the purchase of mortgages from Superior.

[redacted] related inquiries by Pioneer revealed that the Superior Manufacturing Company was definitely financially responsible and in his opinion, was a company which could be

On 4/4 & 5/62 at Detroit, Michigan File # Detroit 87-10266
 by SA WILLIAM A. LAMB:sao Date dictated 4/6/62

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dealt with without concern regarding its financial ability. He said that inquiries were also made concerning HAROLD ORR and he was also found to be financially responsible and reportedly independently wealthy. BILLIE SOL ESTES, COLEMAN S. MC SPADDEN and RUEL ALEXANDER, all associates of HAROLD ORR, were also determined by Pioneer to enjoy an excellent financial status.

[redacted] said that the backgrounds of various individuals who purchased ammonia tanks from Superior and who subsequently gave mortgages to Superior on this property were believed to be such that they definitely were financially responsible. *Finniss, C.*

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[redacted] stated that the [redacted] of Pioneer, [redacted] had advised that he had developed no derogatory information concerning any of the purchasers of ammonia tanks from Superior.

[redacted] advised that, in his opinion, there was no evidence whatsoever which could be determined from the face of chattel mortgages or other material received by Pioneer in connection with the purchase of mortgages in instant matter which in any way indicated they were falsely made or forged. He was of the opinion that all of the employees of Pioneer acted prudently in arranging for the purchase of these mortgages and that he could not detect any negligence whatsoever.

[redacted] furnished photostats of the following-described material, which compromised a portion of the records of Pioneer pertaining to the purchase of mortgages from the Superior Manufacturing Company. He said that [redacted] Pioneer, would be the person to subpoena for the production of original records of any type in the possession of Superior. *Finniss, C., Detroit, Mich.*

1. Chattel Mortgage - Pioneer Account E-502 - Gillette Pipe and Supply Company, mortgagor and Superior Manufacturing Company (SMC), mortgagee.
2. Check Number 39599, in the amount of \$16,000.00, pertaining to Pioneer Account E-502..
3. Chattel Mortgage - Pioneer Account E-506, W.J. WORSHAM Enterprises, mortgagor and SMC, mortgagee
4. Check Number 39895, in the amount of \$32,320.00 pertaining to Pioneer Account E-506.

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5. Chattel Mortgage - Pioneer Account 13-E-508,
[redacted] and SMC, mortgagee.

6. Check Number 40170 in the amount of \$40,900.00,
pertaining to Pioneer Accounts 13-E-508, 13-E-509, and 13-E-510.

7. Chattel Mortgage - Pioneer Account 13-E-509,
[redacted] and SMC, mortgagee.

8. Chattel Mortgage - Pioneer Account 13-E-510,
[redacted] and mortgagee, SMC.

9. Chattel Mortgage - Pioneer Account 13-E-512,
mortgagor, COLEMAN D. MC SPADDEN, dba Associated Growers of
Hereford, and SMC, mortgagee.

10. Check Number 40428 in the amount of \$53,000.00
pertaining to Pioneer Account 13-E-512.

11. Chattel Mortgage - Pioneer Account E-513, mortgagor
GLENN ALEXANDER, mortgagee, SMC.

12. Check Number 4730 in the amount of \$63,885.00,
pertaining to Pioneer Account E-513.

13. Chattel Mortgage - Pioneer Account E-515,
[redacted] and mortgagee, SMC.

14. Check Number 40762, in the amount of \$31,752.00
pertaining to Pioneer Account E-515.

15. Chattel Mortgage - Pioneer Account E-517,
[redacted] and mortgagee, SMC.

16. Check Number 40774, in the amount of \$70,700.00
pertaining to Pioneer Accounts E-516 through E-518.

17. Chattel Mortgage - Pioneer Account E-518,
[redacted] mortgagee, SMC.

18. Chattel Mortgage - Pioneer Account E-519,
[redacted] and mortgagee, SMC.

19. Check Number 40921, in the amount of \$32,000.00
pertaining to Pioneer Account E-519.

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20. Chattel Mortgage - Pioneer Account E-522, mortgagor Nickel Ginning Companies, mortgagee, SMC.

21. Check Number 41294, in the amount of \$34,890.00 pertaining to Pioneer Account E-522.

22. Chattel Mortgage - Pioneer Account E-528, [REDACTED]
[REDACTED] mortgagee, SMC.

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23. Check Number 41527, in the amount of \$30,400.00 pertaining to Pioneer Account E-528.

24. Chattel Mortgage - Pioneer Account E-529, [REDACTED]
[REDACTED] mortgagee, SMC.

25. Check Number 41456, in the amount of \$23,971.25 pertaining to Pioneer Account E-529.

26. Chattel Mortgage - Pioneer Account E-534, mortgagor Mojave, Incorporated, mortgagee, SMC.
Texas

27. Check Number 42153, in the amount of \$11,260.00 pertaining to Account E-534.

28. Chattel Mortgage - Pioneer Account E-539, mortgagor Wheeler Fertilizer, mortgagee, SMC.

29. Check Number 42515, in the amount of \$20,000.00 pertaining to Pioneer Account E-539.

30. Conditional Sales Contract - Pioneer Account E-547, vendor, SMC; vendee Cibola Land and Cattle Company, Inc.

31. Check Number 42964, in the amount of \$20,770.00 pertaining to Pioneer Account E-547.

32. Chattel Mortgage - Pioneer Account E-554 [REDACTED]
[REDACTED] mortgagee, SMC.

33. Check Number 43286, in the amount of \$34,320.00 pertaining to Pioneer Account E-554.

34. Chattel Mortgage - Pioneer Account E-555, [REDACTED]
[REDACTED] mortgagee, SMC.

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35. Check Number 43372 in the amount of \$30,400.00 pertaining to Pioneer Account E-555.

36. Chattel Mortgage - Pioneer Account E-556, mortgagor Lester-Stone Company, mortgagee, SMC.

37. Check Number 43376 in the amount of \$21,420.00 pertaining to Pioneer Account E-556.

38. Chattel Mortgage - Pioneer Account E-557, [REDACTED] mortgagee, SMC. [REDACTED]

39. Check Number 43382, in the amount of \$10,000.00 pertaining to Pioneer Account E-557.

40. Chattel Mortgage - Pioneer Account E-558, mortgagor GLENN ALEXANDER, mortgagee, SMC.

41. Check Number 43386, in the amount of \$62,700.00 pertaining to Pioneer Accounts E-558 through E-560.

42. Chattel Mortgage - Pioneer Account E-559, [REDACTED] mortgagee, SMC. [REDACTED]

43. Chattel Mortgage - Pioneer Account E-560, [REDACTED] mortgagee, SMC. [REDACTED]

44. Chattel Mortgage - Pioneer Account E-561, [REDACTED] mortgagee, SMC. [REDACTED]

45. Check Number 43387, in the amount of \$41,400.00 pertaining to Pioneer Accounts E-561 through E-564.

46. Chattel Mortgage - Pioneer Account E-562, mortgagor Wheeler Fertilizer, mortgagee, SMC.

47. Chattel Mortgage - Pioneer Account E-563, mortgagor W.J. Worsham Enterprises, mortgagee, SMC.

48. Chattel Mortgage - Pioneer Account E-564, [REDACTED] mortgagee, SMC. [REDACTED]

49. Chattel Mortgage - Pioneer Account E-565, [REDACTED] mortgagee, SMC. [REDACTED]

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50. Chattel Mortgage - Pioneer Account E-575, [REDACTED]
[REDACTED] mortgagee, SMC.

51. Check Number 43748, in the amount of \$36,000.00
pertaining to Pioneer Accounts E-575 and E-576.

52. Chattel Mortgage - Pioneer Account E-576, [REDACTED]
[REDACTED] mortgagee, SMC.

53. Chattel Mortgage - Pioneer Account E-576, [REDACTED]
[REDACTED] mortgagee, SMC.

It is noted that Pioneer maintains two accounts under number E-576.

54. Chattel Mortgage - Pioneer Account E-582, mortgagor Lester-Stone Company, mortgagee, SMC.

55. Check Number 44079 in the amount of \$84,800.00 pertaining to Pioneer Account E-582.

56. Chattel Mortgage - Pioneer Account E-583, [REDACTED]
[REDACTED] mortgagee, SMC.

57. Chattel Mortgage - Pioneer Account E-584, mortgagor J.J. TABER, mortgagee, SMC.

58. Chattel Mortgage - Pioneer Account E-585 [REDACTED]
[REDACTED] mortgagee, SMC.

59. Check Number 44164, in the amount of \$36,900.00 pertaining to Pioneer Account E-585.

60. Chattel Mortgage - Pioneer Account E-13-618, [REDACTED] Wheeler Fertilizer Company, mortgagee, SMC.

61. Check Number 45632 in the amount of \$26,000.00 pertaining to Pioneer Account E-13-618.

62. Retail Instalment Contract - Pioneer Account E-637, seller, SMC, [REDACTED] Luna County Fertilizer Company.

63. Chattel Mortgage - Pioneer Account E-638, mortgagor Lester-Stone Company, mortgagee, SMC.

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In connection with Pioneer Account E-632, [redacted] stated that he had Pioneer [redacted] make specific inquiries into the financial ability of the purchaser, Lester-Stone Company. As a result, [redacted] requested of Superior the check for the down payment on the tank purchased by the Lester-Stone Company and the deposit slip reflecting the deposit of this check to the account of Superior. As a result, Superior furnished a photostat of Check Number 1074 in the amount of \$31,025.00, drawn on the City National Bank, Plainview, Texas, made payable to Superior Manufacturing Company. Superior also furnished a photostat of a deposit slip reflecting that this check was deposited to the Superior account at the American National Bank of Amarillo, Texas. Photostats of this check and deposit slip are included with above Number 63.

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64. Chattel Mortgage - Pioneer Account E-673, [redacted]

[redacted] Crutchfield Fertilizer Company, mortgagee, SMC.

65. Chattel Mortgage - Pioneer Account E-670-20,
[redacted] mortgagee, SMC.

66. Chattel Mortgage - Pioneer Account E-681,
[redacted] mortgagee, SMC.

67. Chattel Mortgage - Pioneer Account E-712, mortgagor
Gene Wells Oil Company, mortgagee, SMC.

68. Check Number 52817, in the amount of \$30,900.00
pertaining to Pioneer Account E-712.

69. Chattel Mortgage - Pioneer Account E-726, mortgagor
COLEMAN D. MC SPADDEN, mortgagee, SMC.

70. Check Number 53260, in the amount of \$66,177.00
pertaining to Pioneer Account E-726.

71. Chattel Mortgage - Pioneer Account E-727.
[redacted] BILLIE SOL ESTES [redacted]
mortgagee, SMC. Texas [redacted]

72. Check Number 53381 in the amount of \$56,388.00
pertaining to Pioneer Account E-727.

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73. Chattel Mortgage - Pioneer Account 13-737, mortgagor Gillette Pipe and Supply Company, mortgagee, SMC.

74. Check Number 53821 in the amount of \$10,100.00 pertaining to Pioneer Account 13-737.

75. Self-explanatory letter dated 9/28/60 from Pioneer Finance Company to Mr. HAROLD E. ORR, Vice President, SMC.

76. Self-explanatory "Minutes of Special Meeting of Directors - Superior Manufacturing Company".

77. Three page printed list reflecting the outstanding indebtedness of companies to SMC.

The left-hand column on these sheets reflects the Pioneer Finance Company account number pertaining to these companies. The columns on the right reflect the original balance and the amount still owed on the mortgages or contracts.

It is noted that these three pages contained accounts, photostats of which are not included in the above material.

[redacted] stated that several of these accounts do not pertain to ammonia tanks and for this reason, the chattel mortgages and other material pertaining to them were not obtained.

[redacted] stated that he recalled that Pioneer District Representative [redacted] Texas, actually observed some of the ammonia tanks which reportedly were produced by Superior. [redacted] suggested contacting [redacted] personally for the details pertaining to the tanks actually observed by him. He noted that [redacted] had advised the main office of Pioneer in September, 1961, of some of the findings resulting from his observation of these tanks.

[redacted] stated that if any pertinent material was omitted this was the result of inadvertence. He reiterated that the Pioneer Finance Company will make every effort, upon request, to obtain copies or originals necessary to any FBI investigation.

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FEDERAL BUREAU OF INVESTIGATION

April 6, 1962

Date _____

[redacted] Pioneer Finance Company,
1400 First National Building, Detroit 26, Michigan, Telephone
WO 1-9157, advised that he was the proper person to be subpoenaed
for the production of any of the original records of the Pioneer
Finance Company.

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On 4/5/62 at Detroit, Michigan File # Detroit 87-10266
by SA WILLIAM A. LAMB:sao Date dictated 4/6/62

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IV. SEARCHES

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2. Superior Manufacturing Company, Amarillo, Texas	122

FEDERAL BUREAU OF INVESTIGATION

Date April 4, 1962

[redacted] Special Agents EDWARD JOSEPH MURPHY [redacted]
[redacted] at 8:45 AM in the Reeves County Jail, served a search warrant on BILLIE SOL ESTES, which was issued March 30, 1962, by United States Commissioner SOLOMON MIRABAL, Western District of Texas, El Paso, Texas, commanding a search of the premises of the Billie Sol Estes Enterprises office facilities, located on State Highway 17, Pecos, Texas.

At that time ESTES advised the Agents that [redacted]
[redacted] Estes Enterprises, [redacted] at the above premises and would be the proper person to contact with regard to effecting a search of those premises.

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On 3/31/62 at Pecos, Texas File # EP 29-351
by SA EDWARD JOSEPH MURPHY and
SA [redacted] pg Date dictated 4/3/62

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FEDERAL BUREAU OF INVESTIGATION

Date April 4, 1962

[redacted] Billie Sol Estes Enterprises, b6
Highway 17, was advised that a search warrant had been served on
BILLIE SOL ESTES at the Reeves County Jail, commanding a search
of the office facilities of Estes Enterprises. [redacted] requested
to see the original search warrant in order that [redacted]
[redacted] BILLIE SOL ESTES, could read the warrant.
The original warrant was displayed to both [redacted]
for their examination. [redacted] stated that the warrant was
valid, at which time [redacted] advised he and his staff would
cooperate in any way to effectuate the search and would be
present during the search.

XCR

On 3/31/62 at Pecos, Texas File # EP 29-351
by SA EDWARD JOSEPH MURPHY and
SA [redacted] bg Date dictated 4/3/62

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FEDERAL BUREAU OF INVESTIGATION

Date April 4, 1962

Special Agents [redacted] EDWARD JOSEPH MURPHY

[redacted] conducted a search of the Billie Sol
Estes Enterprises premises, located on Highway 17, Pecos,
Texas. Present during the search were [redacted]

[redacted]
of Estes Enterprises." The search was conducted during the hours
9:00 AM through 5:55 PM on March 31, 1962. The following items
were taken:

- Texas*
1. Fifteen (15) files on individuals concerned with the purchase of anhydrous ammonia tanks through Billie Sol Estes Enterprises.
 2. Two (2) files regarding BILLIE SOL ESTES.
 3. Five (5) files regarding Superior Manufacturing Company.
 4. Four (4) files regarding "Leasing Incorporated."
 5. One (1) file regarding "Equipment Leases to be Executed."
 6. Seven (7) files pertaining to manufacturing companies and investment companies doing business with Billie Sol Estes Enterprises.
 7. One (1) file regarding COLEMAN MC SPADDEN.
 8. One (1) file regarding GEORGE KRITTLEK.
 9. A photo copy of a contract between BILLIE SOL ESTES and Pennsalt Chemical Corporation dated June 1, 1962.
 10. A carbon copy of chattel mortgage, contract, lease agreement between BILLIE SOL ESTES and Pennsalt Chemical Corporation dated July 1, 1961.

On 3/31/62 at Pecos, Texas File # FP 29-351
 SA [redacted] SA EDWARD JOSEPH MURPHY
 by MURPHY and SA [redacted] dictated 4/3/62

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11. Bill of sale from GLENN ALEXANDER to BILLIE SOL ESTES for various ammonia equipment, dated September, 1960.

12. A general card index file with names of individuals and finance companies.

13. A document dated February 28, 1962, entitled "Recap" of finance companies and individuals.

14. General ledger accounts on seven (7) individuals concerning accounts with various finance companies for the year 1961.

15. General ledger accounts on twelve (12) individuals concerning accounts with various finance companies for the year 1962.

16. Two (2) Universal Multi-Column Books, Number S293, with various individuals listed.

17. Thirty (30) canceled checks and accompanying vouchers on which the payer is shown as BILLIE SOL ESTES and the drawee bank as the First National Bank, Pecos, Texas.

18. Copy of eleven (11) chattel mortgages in which the mortgagee is shown as Superior Manufacturing Company of Amarillo, Texas.

19. Journal entries for ESTES Bros. dated March 15, 1961.

20. Metal plates of Superior Manufacturing Company, Amarillo, Texas, bearing certain serial numbers and bound in groups with tape bearing names of fifteen (15) individuals, and one (1) group of blank metal plates; three (3) sets of metal punches with digits and one (1) set metal punches with letters.

21. Forty-four (44) canceled checks and accompanying vouchers on which the payer is shown as BILLIE SOL ESTES and the drawee bank as the First National Bank, Pecos, Texas.

EP 29-351

22. Ten (10) vouchers on which the payer is shown as BILLIE SOL ESTES and the drawee bank as the First National Bank, Pecos, Texas.

23. A copy of a chattel mortgage dated July 19, 1961, on which the seller is shown as Superior Manufacturing Company of Amarillo, Texas and the buyer as JIM MC CORMAC, together with a copy of an accompanying promissory note; equipment lessee dated July 19, 1961, leasee Billie Sol Estes Enterprises, lessor JIM MC CORMAC; copy of chattel mortgage, seller Superior Manufacturing Company, Amarillo, Texas, [redacted] dated July 19, 1961, together with a copy of an accompanying promissory note; a statement on account number 720 dated July 31, in the amount of \$81,129.29; a journal entry dated August 1, 1961, with attached deposit slip in the amount of \$81,129.29.

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A complete and detailed inventory was made of the items taken by Special Agent [redacted] with the co-operation and assistance of [redacted] Billie Sol Estes Enterprises. This inventory and its copies were signed by [redacted] and witnessed by Special Agent EDWARD JOSEPH MURPHY and Special Agent [redacted] the Federal Bureau of Investigation.

A signed and witnessed copy of the afore mentioned inventory was left with [redacted] for BILLIE SOL ESTES.

Date April 12, 1962

Noted in the material obtained from the files of BILLIE SOL ESTES at Pecos, Texas, pursuant to the Search Warrant issued were the following:

1. A card file made up of 5" x 8" index cards filed alphabetically by name. Each card is type-written and contains the name of the purchaser, finance company, seller, description of collateral including Serial Numbers of ammonia tanks, principle and interest figures along with amount of note, period covered by note, date of contract, amount of monthly payment and date monthly payment to begin.

Excluding those purchasers having the surname of ESTES, there was 73 separate individual purchasers represented in this card file. In addition, the second section of the card file contains similar index cards filed alphabetically and broken down by finance company.

2. The Serial Number plates are packaged in groups and on each is written or printed the name of a particular purchaser.
3. Located in a file tabbed GEORGE KRUTILEK, is a carbon copy of a letter purported to have been written by BILLIE SOL ESTES to GEORGE KRUTILEK, El Paso, Texas, under date of April 27, 1961. This letter reads as follows:

"In regard to the people who purchased anhydrous ammonia tanks for me, we pay the 20% down payment, which leaves an 80% balance. We sign a lease agreement with them covering enough money with them to pay the 80% balance, plus interest. We pay them 10% net profit on the principle of the note - not on interest. They are out no cash. After they have 30% equity in the equipment it would take an awful depression for the equipment not to bring 70% of its value. The manufacturers will also give a letter stating at any time we fail to make payments they will take the equipment back for the unpaid balance that is against the equipment. The manufacturer would

On 4/10/62 at El Paso, Texas File # EP 29-351

by SA [redacted] cfp Date dictated 4/10/62 b6
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always at all times make money on the equipment, even if they were required to take it back. I completely write this off and treat it as a lease, get tanks back for \$1.00 at the end of sixty-month lease. As far as the people who buy tanks, they treat it as a purchase and as a sale of the tanks, due to the fact that they lose possession of the tanks at the end of sixty months and have no way to retain possession. This can be treated only as a sale.

"As to the tax position, you can better explain this than I.

"We are in the ammonia business at the present time in over 100 locations.

"As to the grain storage buildings that we build, these run from \$50,000.00 to \$2,000,000.00. We will give them same percentage in cash on grain storage deal as on ammonia and handle it in the same manner.

"If there any further questions you would like to ask, please do not hesitate to call upon me and I will be glad to answer any questions.

"Mr. HAROLD E. ORR, Executive Vice President of Superior Manufacturing Company, of Amarillo, Texas, would also be happy to answer any questions that you might have.

"Sincerely"

4. Located in a file tabbed Superior Manufacturing Company, 1959, is a verifax copy of the minutes of a special meeting of Directors of the Superior Manufacturing Company held April 28, 1960, at 9:00 p.m. At this meeting it was resolved that the Vice President, HAROLD E. ORR, or the Secretary-Treasurer, RUEL W. ALEXANDER, be, and they are hereby, authorized to endorse, without recourse, commercial paper or to assign, outright or as collateral, any such paper, and to perform any other act necessary in the ordinary course of business of the corporation. This notice bears the corporate seal of the Superior Manufacturing Company, Amarillo, Texas, is signed COLEMAN D. McSPADDEN, President, and witnessed by RUEL W. ALEXANDER, Secretary.

5. Located in a file tabbed Superior Manufacturing Company - 1962 were ten sheets of letterhead stationery of the Superior Manufacturing Company, Amarillo, Texas, bearing the signature of HAROLD E. ORR, President, the corporate seal and signature of RUEL W. ALEXANDER. These ten sheets of paper bear the signatures, but are in blank other than the signatures.

Also located in this same file were eleven letters prepared on letterhead stationery of the Superior Manufacturing Company, Amarillo, Texas, signed HAROLD E. ORR, President, by R.W. ALEXANDER, Secretary-Treasurer. These letters are not dated nor addressed, but read as follows:

"Dear Sir:

"Superior Manufacturing Company agrees at any time that Mr. BILLIE SOL ESTES should default on payment of said tanks on attached contract, Superior Manufacturing Company will buy the tanks for the remaining balance due on said contract and keep you harmless from same.

"Sincerely,

"Superior Manufacturing Company"

These eleven letters bear the corporate seal of the Superior Manufacturing Company.

Also located in this same file was one letter prepared on letterhead stationery of Billie Sol Estes Enterprises, Pecos, Texas, dated June 7, 1961, signed BILLIE SOL ESTES. The letter is not addressed, however reads as follows:

"I, BILLIE SOL ESTES, when this contract is completed will send you 10% of the principle amount of said contract in cash."

FEDERAL BUREAU OF INVESTIGATION

Date April 6, 1962

[redacted] Amarillo, Texas,
advised that he accompanied Mr. WILL WILSON, Attorney General of
the State of Texas, to the Superior Manufacturing Company,
Amarillo, Texas, on March 31, 1962. He advised there were no
records at all at the plant when they arrived there, but that
the records were returned to the plant about the middle of the
afternoon by HAROLD ORR of Superior Manufacturing Company, who
had been released from jail on bond that same morning. He
advised he and Mr. WILSON had some of the records microfilmed
on the afternoon and night of March 31, 1962, and returned them
to the plant. He advised he was not certain what these records
were since they were chosen by Mr. WILSON and his staff.

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[redacted] said he determined that one [redacted]

[redacted] all tanks produced by Superior since October 8, 1960,
and had records by serial numbers of the tanks [redacted]

DL 29-1096
File # EP 29-351

on 4/2/62 at Amarillo, Texas Date dictated 4/4/62

by Special Agent WILLIAM R. JENKINS/pm

Date April 6, 1962

On April 2, 1962, SAs [REDACTED] WILLIAM R. JENKINS went to the Superior Manufacturing Company at 4110 Northeast Eighth Street, Amarillo, Texas. A young receptionist was the only person in the office but advised [REDACTED] for the company, would return in a short time. [REDACTED] did return and advised that what records were left in the plant were stacked in the middle of the floor in the office. He advised HAROLD ORR, President, and RUEL ALEXANDER, Secretary-Treasurer, had taken most of the records to El Paso in answer to a subpoena.

[REDACTED] remarked that when he left work on Wednesday afternoon, March 28, 1962, all the records were in the office but when he returned to work on the morning of March 29, 1962, all the company records had been removed. He advised they were returned to the office on March 31, 1962, by HAROLD ORR, President, and they were there sorted by ORR, ALEXANDER, and an attorney as to which ones should be delivered in answer to the subpoena.

[REDACTED] advised that actually no one was in charge of the plant, but he was the only one there and was not sure why he was hanging around.

SAs [REDACTED] and JENKINS looked through the records scattered on the floor of the office and noted the files of purchase invoices of the company, the payroll records, tank inspection reports of tanks produced prior to November, 1960, and during the month of March, 1962, ledger sheets showing income and sales of the Amarillo Sales Company, accounts receivable ledger sheets, and employee accounts.

A perusal of the employees' accounts revealed one sheet in the name of BILLIE SOL ESTES.

These records were in complete disorder.

[REDACTED] remarked during the review that he was certain that the cancelled checks of the company were taken to El Paso in answer to the subpoena. He also advised he did not know the whereabouts of the corporation minute book of the Superior Tank Company, the predecessor to Superior Manufacturing Company, Inc.

DL 29-1096
File # EP 29-351

on 4/2/62 at Amarillo, Texas Date dictated 4/4/62

by Special Agent WILLIAM R. JENKINS [REDACTED] pm

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Date April 12, 1962

Pursuant to the issuance of a subpoena to produce document or object issued in the United States District Court for the Western District of Texas, El Paso Division, on March 29, 1962, addressed to the Superior Manufacturing Company, HAROLD E. ORR, President, and RUEL ALEXANDER, Secretary-Treasurer, an authorized and registered Agent for service at Amarillo, Texas, certain books and records were brought to El Paso and turned over to the United States Marshal's Office on April 2, 1962.

These records were reviewed and found to contain numerous cancelled checks, bank statements, and miscellaneous files. The records did not include the general ledger for the period January, 1959 to present, vouchers and voucher register for the same period, nor the production records for the same period. The Corporate Minute Book was also missing from these records.

From a review of the records made available it was determined that the account into which monies received from various finance companies in all probability had been credited was account number 620 and also possibly number 720.

A representative number of deposit tickets were examined and it was found that these deposit tickets listed the particular finance agency check being deposited.

From records available it was not possible to determine the ultimate disposition of the monies represented by the finance company checks being deposited to the Superior Manufacturing Company account.

On 4/4/62 at El Paso, Texas File # EP 29-351
by SA [redacted] Date dictated 4/9/62
SA EDWARD JOSEPH MURPHY:cfp

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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JRM:cfp

On April 7, 1962, Assistant United States Attorney [redacted] advised that he was able to get in touch with [redacted] Superior Manufacturing Company at Amarillo, Texas, who stated that the particular records of Superior inadvertently not included would be delivered to the United States Marshal's Office in El Paso on April 10 or 11, 1962. [redacted] explained that the antitrust hearings being held by the State Attorney General's Office was his reason for not having these records delivered sooner than this. He stated that both ALEXANDER and ORR had been subpoenaed to appear before the hearing being conducted by the Attorney General's Office.

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V. INTERVIEWS WITH INDIVIDUAL PURCHASERS

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INTERVIEWS WITH INDIVIDUAL PURCHASERS (MORTGAGOR)

For purposes of clarity, purchasers of anhydrous ammonia tanks in this matter will be referred to as farmers, although not all are actively engaged in farming. Selected for interview are the following twelve farmers. Their transactions involve all seven out of state and two within the state finance companies. The letter preceding the farmer's name, either (E) or (M) is to denote ESTES or McSPADDEN as person generating the transaction.

Only anhydrous ammonia tanks are being noted. In addition the transaction frequently included acid tanks, trailers, and applicators.

Results of interviews with ALEXANDER [REDACTED] have not been received. These interviews will be included in a subsequent report.

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<u>PURCHASER</u>	<u>NUMBER OF NH3 TANKS</u>
(E) GLENN ALEXANDER, Abilene, Texas	534
(E) [REDACTED] [REDACTED] Texas	715
(E) [REDACTED] [REDACTED] Texas	605
(M) [REDACTED] [REDACTED] Texas	-
(M)(E) [REDACTED] [REDACTED] Texas	{M} - (E) 290
(E) JIM McCORMAC, El Paso, Texas	815
(M) [REDACTED] [REDACTED] Texas	-
(E) [REDACTED] [REDACTED] Texas	383
(E) J.J. TABER, Van Horn, Texas	127 178

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JRM:cfp

<u>PURCHASER</u>	<u>NUMBER OF NH3 TANKS</u>
(E) GENE WELLS, Sierra Blanca, Texas	507
(E) [redacted] Texas	186
(E) [redacted] Texas	563

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In addition to the above, transactions showing the purchaser as COLEMAN McSPADDEN, BILLIE SOL ESTES, and Billie Sol Estes Enterprises are being included.

FEDERAL BUREAU OF INVESTIGATION

Date April 3, 1962

The following written statement was furnished by
 [redacted]

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"March 30, 1962
 [redacted]
 Texas

"I, [redacted] make the following voluntary statement to Roy C. Dahl and William B. Ahders whom I know to be Special Agents of the Federal Bureau of Investigation. No threats or promises have been made to induce me to make this statement. I realize that it may be used against me in a court of law. I know that I have the right to an Attorney and that I need not make any statement at all.

"I reside at [redacted] Texas and have [redacted]

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"In probably [redacted]
 [redacted] Texas talked with [redacted]

[redacted] Mr. Estes of Pecos, Texas about our buying some anhydrous ammonia tanks. We said that we would talk with Estes.

"About one week later Billie Sol Estes [redacted]

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[redacted] Estes proposed that [redacted]
 [redacted] that

On 3/30/62 at [redacted] Texas File # EP 29-351

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by SA ROY C. DAHL / clp Date dictated 4/2/62

EP 29-351

we would buy anhydrous ammonia tanks. He mentioned three different companies that manufactured this type of tank. He said that he in turn would lease the tanks from us.

"The plan was for us to prepare a financial statement so that it would be known that we could purchase the number of tanks that we wanted to buy. We were to submit this statement to the manufacturing company. We were then to pay down 20 per cent of the purchase price of the tanks. We were to pay the balance over an agreed period of years by monthly payments.

"Estes then in turn agreed as part of the lease agreement to pay us the 20 per cent down payment that we had made in the purchase of the tanks. Then it was agreed that the monthly payments that we would have to pay on the purchase price of the tanks would be equal to and the same as the monthly payments that Estes would make to us on the lease agreement.

"Under the proposition proposed by Estes we would be required to sign chattel mortgage notes in the amount of the unpaid balance on the purchase of the tanks. In consideration for our part in the deal Estes agreed that he would pay us a ten per cent bonus of the purchase price. In other words, I mean, that if the tank was to cost \$1,000. We would pay the manufacturing company \$200 down payment. We would then pay the balance in monthly payments for a given period of months. Estes would in turn give us \$200 for the lease plus the same amount per month that we were to pay on the purchase of the tanks. In other words Estes would pay us the same amount that we were to pay on the purchase of the tanks. In consideration of this Estes was to pay us ten per cent of the unpaid balance on the purchase price of the tanks after the down payment. We would under the example cited above receive ten per cent of the \$800 or \$80.00. Estes told us that [redacted] [redacted] would receive one per cent of this ten per cent. It was also agreed that the lease agreement with Estes would end at the same time that the tanks were paid for.

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"Under the proposition, we were to receive title to and ownership of the tanks. At the time of this discussion I do not recall for certain the exact number of tanks that we were considering but I do know that we were talking of many tanks, 1,000 or more.

"About one week after this first contact with Mr. Estes, he again returned to our offices. We told him that we had considered his original proposition and had decided that we would be taking too much risk. It was our feeling that we would be liable for the purchase price of the tanks even though our lease agreement with Estes might fall through.

"I recall now that an idea was discussed by which the Manufacturing company would agree to take back the tanks for the balance due if the lease agreement fell through. I cannot say who thought up this idea. I do recall that Mr Estes agreed and made arrangements for the Superior Manufacturing Company to send us a letter telling us that they would take back the tanks for the unpaid balance if our lease agreement fell through.

"In reviewing my records I now find that I have in my possession copies of leases that I made with Estes pertaining to the above mentioned anhydrous tanks as follows: Lease dated December 13, 1961 for 320 tanks, lease amount to be \$252,364.80, lease signed in my office in Midland, Texas Lease dated December 13, 1961 for 65 NH 3 Applicators, \$64,532.32. Lease dated December 29, 1961 for 180 tanks, 1,000 gallon each, 150 500 gallon tanks, 77 applicators and 25 acid applicators, total \$427,255.60.

"It is my recollection that all of the aforementioned leases were signed at the same time. I believe that this was during the month of December 1961. I do know that I signed them all at the same time in my office. Present at the signing were my [redacted]

Estes, [redacted] Estes, name
not recalled and a representative of the General Leasing Company of Fort Wayne, Indiana.

Billie Sol

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"It is my understanding that the leases mentioned above were all filed in Reeves or Pecos Counties. Estes took care of the filing so I am not certain where they were filed.

"At the time that I signed the lease papers I also applied for loans on the tanks being purchased by me. The date of the mortgage was not filled in. It was agreed that the date would be entered at the time that loan was made. I do know that Estes made the arrangements for the loans. He took all of the papers that I signed leaving me copies for my records.

"Upon a review of my records I find that I signed the following chattel mortgages as mortgagor with the Superior Manufacturing Company as mortgagee:

1. Balance owed of \$361,725.60 after a down payment of \$65,530.00. This mortgage is assigned to Walter E. Heller and Company
2. Balance owed of \$252,364.80, mortgage assigned to Pacific Finance Company.
3. Balance owed of \$53,482.32, mortgage assigned to Kuykendall Investment Company Incorporated.

The above mentioned mortgages are not dated. The dates were to be filled in by Billie Sol Estes at the time that the loans were placed.

I am making available to the FBI copies of the chattel mortgages.

"I wish to state that the amounts of the chattel mortgages were determined by myself and the amounts of the chattel mortgages were agreed upon by myself. To my knowledge the amounts of the mortgages were not raised or changed by Mr. Estes. The leases and the mortgage papers were turned over to Billie Sol Estes at the time of the signing.

"At the time of the signing of the mortgages and the leases in my offices Estes left three checks made out to me. The checks were drawn on the First National Bank of

Pecos, Texas. I do not know the dates of the checks but know they were post dated checks. By checking my Bank Account with the Midland National Bank of Midland, Texas I find that I deposited these checks in my account as follows: January 22, 1962 in the amount of \$50,880, January 15, 1962 amounts of \$23,590.80 and \$3,978. The checks were signed Billie Sol Estes. Estes also left another check in the amount of \$17,416.80.

Since the above agreement was made I have made the following payments on the chattel mortgages. On February 2, 1962 I made a payment of \$6,028.76 to [redacted] I had received a like amount by check from Estes which amount I had deposited to my account at the Midland National Bank on January 30, 1962. On February 22, 1962 I made a payment to [redacted] in the amount of \$1485.62 which amount I had deposited to my account on February 21, 1962 after receiving this amount by check from Estes. On March 5, 1962 I made a payment of \$6,028.76 which amount I had deposited to my account on March 2, 1962. On March 5, 1962 I made a payment of \$5,257.60 to Pacific Finance after having received a like amount from Estes by check. This check was deposited to my account on March 5, 1962.

"I have never seen any tanks that we have purchased and leased to Estes. [redacted]

[redacted] went to Pecos to see the tanks that we were buying. Estes told [redacted] that he was not going to tell them where the tanks were placed because he did not want them bothering the farmers where he had placed the tanks. At this time we were in the process of placing more mortgages in the amount of 2 million dollars. When we were unable to see our tanks, we immediately notified Pacific Finance, Heller, and General Leasing to cancel the new notes. When we threatened Estes with a law suit he returned the notes to us.

"I have never actually seen the originals of mortgage papers or leases that have been filed with various County Courts. I do not believe that my signature was ever

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forged on any paper, or document.

"I would prefer not to testify in this matter but I am willing to testify as a Government witness if my testimony is desired by Federal authorities. I now recall that at the time of the signing of the papers involved, Billie Sol Estes made the statement that some of the mortgages would be assigned to Heller and Company.

"In reading this statement I now recall more information concerning the original proposition as offered to me and my associates by Billie Sol Estes. At the outset Estes told us that the Manufacturing Company would agree to take back the tanks for the unpaid balance if our lease agreement fell through.

"This statement was read by [redacted]
[redacted] Texas, March 30, 1962. He declined to sign
same he had consulted his attorney.

"/s/ Roy C. Dahl"

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FEDERAL BUREAU OF INVESTIGATION

Date April 11, 1962

[redacted] said that he resides
 [redacted]

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[redacted] advised that he does not own
any farm land nor has he leased any farm land from anyone.

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[redacted] said that he was not in his office at the time that BILLIE SOL ESTES discussed the matter of the purchasing of anhydrous ammonia tanks and other equipment with [redacted]. He said that at a later date, possibly sometime in the latter part of December, [redacted] explained to him the proposition that was propounded to them by Mr. ESTES.

He said as he recalled the proposition was that he, together with the other gentlemen, were to purchase approximately two million dollars worth of anhydrous tanks and other equipment used in the fertilizer business, that Mr. ESTES was to pay a down payment of twenty per cent of the purchase price of this equipment, and was to pay them a nine per cent commission on the unpaid balance for using their credit rating or for their purchasing the tanks and leasing them to ESTES. He said the proposition was that Mr. ESTES was then to lease the tanks for a period of years over which the lease payments would pay out the tanks and at that time the tanks would become the property of the purchaser. He said also that he, together with the other three gentlemen,

[redacted] had agreed

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On 4/9/62 at [redacted] Texas File # EP 29-351

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by SA ROY C. DAHL / clp Date dictated 4/10/62

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on approximately two million dollars worth of this equipment and it was agreed that each one of them was to take approximately one-fourth of the two million dollar amount.

[redacted] stated he cannot recall the exact date that he signed the papers in this matter, but that he did sign them at his office in the presence of BILLIE SOL ESTES; [redacted]
[redacted] BILLIE SOL ESTES; Mr. ESTES' [redacted]
[redacted] a representative of the General Leasing Company, name unknown; the pilot for the Superior Tank Company, Amarillo, name unknown; [redacted]

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[redacted] said that the papers had been brought to his office by Mr. ESTES and after they were signed they were taken away by Mr. ESTES.

[redacted] said that he signed chattel mortgage notes in the amount of \$375,720.00, \$115,434.00, and \$173,515.80.

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At the same time of the signing of the mortgage and notes, [redacted] advised that he signed equipment leases. There were three equipment leases signed at this time, the

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[redacted] the lessee being the BILLIE SOL ESTES Enterprises. All three of the equipment leases were dated December 29, 1961. Lease number 1 called for the leasing of 95-1000 gallon Superior NH3 tanks mounted on and together with 95 Superior four wheel trailers complete with axles, wheels, and hoses, Serial Numbers S-214995-100 through S-215089-1000. 60-500 gallon Superior NH3 tanks mounted on and together with 60 Superior four wheel trailers complete with axles, wheels, and hoses, Serial Numbers S-215209-1000 through S-215268-1000. 37-Superior NH3 applicators complete with shanks, knives, hoses, Dempster pumps, and 200 gallon tanks, Serial Numbers S-215385-1000 through S-215421-1000. 13-Superior combination NH3 acid applicators complete with shanks, knives, hoses, Dempster NH3 pumps, and acid pumps, and 200 gallon tanks, Serial Numbers S-215642-1000 through S-215654-1000. This lease called for the lessee to pay the

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lessee rentals aggregating \$204,949.80 of which \$31,434.00 was paid in advance and the balance of the rental of \$173,515.80 was to be payable in sixty equal successive monthly rental payments of \$2,891.93.

Lease Number 2 called for the leasing by the BILLIE SOL ESTES Enterprises of 150-1000 gallon Superior NH3 tanks mounted on and together with 150 four wheel trailers, complete with axles, wheels, tires, and hoses, Serial Numbers 10271-61 through 10420-61. In this lease agreement the lessee agreed to pay to the lessor rentals aggregating \$139,284.00 of which \$23,850.00 was to be paid in advance and the balance of the rental of \$115,434.00 was payable in thirty-six equal successive monthly rental payments of \$3,206.50.

The third equipment lease agreement called for the leasing by the BILLIE SOL ESTES Enterprises from [redacted]

[redacted] the following equipment: 300-1000 gallon NH3 tanks mounted on and together with 300 four wheel trailers complete with axles, wheels, tires, and hoses, Serial Numbers A-15526 through A-15625; A-15648 through A-15747; A-15784 through A-15833. 100-500 gallon acid tanks mounted on and together with 100 four wheel trailers complete with axles, wheels, and tires, Serial Numbers P-10769 through P-10868. 75 Superior NH3 applicators, complete with tanks, pumps, and hoses, Serial Numbers PA5258 through PA5332.

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This lease called for the lessee to pay the lessor rentals aggregating \$451,470.00 of which \$75,750.00 was to be paid in advance and the balance of the rental of \$375,720.00 was to be payable in forty-eight equal successive monthly installments of \$7,827.50 each.

[redacted] stated that these lease agreements were executed by himself and BILLIE SOL ESTES, and were executed at the same time the other papers were signed.

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[redacted] in checking his records, advised that at the time he signed the papers he received several postdated checks for payments on the various contracts. These checks were not negotiated until advice had been received from Mr. ESTES that the financial arrangements had been made to place the chattel mortgages. His records show that he made the following deposits to his account:

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January 15, 1962, a check in the amount of \$11,316.25, which represented nine per cent of the chattel mortgage in the amount of \$173,515.80, which was later financed through the Heller Company.

January 15, 1962, a check in the amount of \$8,568.00 which represented the nine per cent commission on the chattel mortgage of \$115,434.00 which was later financed by the Kuykendall Company.

January 22, 1962, a check in the amount of \$75,750.00, which represented the down payment on the note of \$375,720.00, which note was later financed by the Pacific Finance Company.

January 30, 1962, a check in the amount of \$25,087.50, which represented the nine per cent commission on the \$375,720.00 note.

January 30, 1962, a check in the amount of \$2,891.93, which represented the first payment to the Heller Company.

February 21, 1962, in the amount of \$3,206.50, which represented the first payment on the note of \$115,434.00 to the Kuykendall Investment Company.

March 5, 1962, a check in the amount of \$2,891.93, which represented a payment to the Heller Company.

March 5, 1962, a check in the amount of \$7,828.50, which represented the payment to the Pacific Finance Company.

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[redacted] stated that upon receipt of this check by his accountants, the accountants would then make out his check and send the payments to the finance companies.

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[redacted] said that he at no time signed any blank checks at the request of any person to be used in making payments on notes or any other reason.

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[redacted] said that he did not see any of the tanks purchased or receive any part thereof such as serial number plates. He said that the only serial numbers he is cognizant of are the serial numbers of the equipment as appearing on the equipment leases.

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[redacted] said that he had received no instructions from any person concerning what he was to say in the event a representative of a finance company or anyone else made inquiry as to the location of the tanks.

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[redacted] said that he did not know if his name had been forged on any chattel mortgages or notes, as he has not seen the originals of the chattel mortgages and notes since they were signed in his office. He said Mr. ESTES took the chattel mortgages and notes with him and he does not know where they were filed.

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[redacted] states that he cannot recall whether or not Mr. ESTES ever indicated to him that the mortgages would be sold or discounted to a finance company outside of the State of Texas.

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FEDERAL BUREAU OF INVESTIGATION

Date 4/5/62

[redacted]
 Texas, advised he was a [redacted]
 Texas, area. [redacted] ad-

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vised that he was [redacted]
 Texas, and had in fact visited him on the morning of April 4, 1962, [redacted] Superior Manufacturing Company of Amarillo, Texas, and Mr. COLEMAN McSPADDEN of Hereford, Texas. [redacted] advised that all of his records concerning his dealings with SUPERIOR MANUFACTURING COMPANY or COLEMAN McSPADDEN were in the possession of [redacted] so that [redacted] could prepare the civil suit. He advised that [redacted] had advised him to discuss his dealings with this company and Mr. McSPADDEN with the FBI orally, but not to furnish a signed statement.

[redacted] advised he first met COLEMAN McSPADDEN in 1953 in connection with an oil lease in Archer County, Texas, but had no further dealings with him until April, 1961. He advised that an unremembered date in about April, 1961, Mr. HAROLD ORR, an official of SUPERIOR MANUFACTURING COMPANY of Amarillo, Texas, and with whom, he, [redacted] had done considerable business in the past, called [redacted] and said that he had a good deal for him if [redacted] would come to see him.

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[redacted] advised he went to the SUPERIOR MANUFACTURING COMPANY in Amarillo, Texas, on the following day and met in Mr. ORR's office at SUPERIOR MANUFACTURING COMPANY with Mr. ORR and COLEMAN McSPADDEN. He advised Mr. ORR did most of the talking and said that McSPADDEN needed twenty-five 1,000 gallon trailers financed. [redacted] advised that at that time he signed a note and chattel mortgage covering twenty-five 1,000 gallon trailer tanks. He advised he does not remember the monetary value, but believes it was about \$15,000. The note was payable to SUPERIOR MANUFACTURING COMPANY. He advised that ORR told him that he was to get \$750 and that he, McSPADDEN was to lease the 25 trailer tanks to McSPADDEN in return for which McSPADDEN was to pay rental in the amount of the monthly payments on the mortgage. He advised that these payments amounted to about \$373.00 per month and were to be made to the CIT CORPORATION at Dallas, Texas.

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[redacted] advised there is a signed lease agreement whereby McSPADDEN agrees as above and the agreement is

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 on 4/4/62 at [redacted] Texas Date dictated 4/4/62

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by Special Agent WILLIAM R. JENKINS /mlf

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signed by [redacted] McSPADDEN and someone as witness. He advised Mr. ORR was present throughout the negotiations, but does not remember whether he signed or not. [redacted] advised at the time this deal was transacted he was paid \$750 by check on the SUPERIOR MANUFACTURING COMPANY of Amarillo, Texas.

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[redacted] advised that McSPADDEN was present in the office throughout this conversation, but did very little talking and stated that the entire transaction was handled by Mr. HAROLD ORR, other than the signing of the lease agreement by Mr. McSPADDEN. He also advised that NUEL ALEXANDER, Secretary and Treasurer of SUPERIOR MANUFACTURING COMPANY, was around the office, but does not believe that he took part in the discussion.

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[redacted] advised that since that time he has entered into five similar transactions with Mr. HAROLD ORR of SUPERIOR MANUFACTURING COMPANY, four of which were in August and September, 1961 and the last one in January, 1962. He pointed out that since all of his papers were in the hands of his attorney he would have to describe these transactions by memory. He advised that in August or September, 1961 he signed a note and chattel mortgage in the approximate amount of \$15,000 for more equipment for COLEMAN McSPADDEN, which was to be sold to the Commercial Credit Corporation. He also advised that during these same months he signed a note and chattel mortgage in the approximate amount of \$34,000 for 54 applicators for COLEMAN McSPADDEN, which were to be financed through WALTER E. HELLER COMPANY. He also advised that during these two months, he signed a note and chattel mortgage in the approximate amount of \$17,000 for tanks and applicators for COLEMAN McSPADDEN and this was to be financed through the Associates Investment Company. He advised that he also signed a note and chattel mortgage for some equipment which he could not remember but which was for COLEMAN McSPADDEN also and which was to be financed by the PIONEER FINANCE COMPANY. [redacted] also advised that in January, 1962, he signed another note and chattel mortgage in the amount of \$18,000, but stated he had received no copy of this transaction, but stated he remembered that it was to be financed through the WALTER E. HELLER COMPANY.

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[redacted] advised that he had signed notes and chattel mortgages in the approximate amount of \$150,000.00, all of which was supposedly going toward the purchase of fertilizer equipment to be leased to COLEMAN McSPADDEN.

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He advised that HAROLD E. ORR of SUPERIOR MANUFACTURING COMPANY promoted all of the deals and that they all took place in the Amarillo Office of the SUPERIOR MANUFACTURING COMPANY. He advised that HAROLD ORR guaranteed that there would be no kickback on [redacted]. He explained this by stating that ORR guaranteed that if the loans were in default, SUPERIOR MANUFACTURING COMPANY would take up the loans and pay them off. He advised that all of the notes and chattel mortgages were signed by him or by one of his sons, but stated they were in the name of the company CRUTCHFIELD & SONS, [redacted]

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[redacted] advised that on the latter five deals McSPADDEN was present on only one of them, but he was not sure which transaction it was. He advised that he had a copy of the signed lease agreement concerning the first transaction in April, 1961, but stated that on all subsequent transactions, they promised to mail him this lease agreement, but had never done so. He advised that he went to see McSPADDEN in Hereford, Texas, about one month ago and asked him for the lease agreement and McSPADDEN said he had them in his Lubbock, Texas, office and would mail them to [redacted]. [redacted] advised he had never received copies of these lease agreements.

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[redacted] advised that on the first transaction in April, 1961, he received 5% of the total amount or \$750.00, but on subsequent deals, he received 10% of each transaction and estimated that he had received approximately \$11,000.00. He advised that all of the loans were current up to the payment due in March, 1962, but stated that none of the companies have been paid their March payment. He advised that the monthly payments consist of approximately \$860 to WALTER E. HELLER COMPANY, \$807 to PIONEER FINANCE COMPANY, \$373 to COMMERCIAL CREDIT COMPANY, \$373 to CIT CORPORATION, and \$573 to ASSOCIATES INVESTMENT COMPANY.

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He advised that on about March 20, 1962, COLEMAN McSPADDEN contacted him on the phone and said that he wanted the payment books on each loan since he was to meet with all creditors in Dallas, Texas, and these creditors were to take over all of the loans and that [redacted] would be released from the loans. He advised that he has not heard from McSPADDEN since that time.

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[redacted] advised that he, at no time, had any indication, thoughts, or information, indicating that any of

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the above transactions were other than legitimate business deals.

He advised that the only equipment he ever actually saw represented by the above loans was ten fertilizer applicators which were delivered to his farm by SUPERIOR MANUFACTURING COMPANY and later picked up supposedly for delivery to COLEMAN McSPADDEN at Hereford, Texas. He advised that these were some of the applicators financed by PIONEER FINANCE COMPANY,

Date April 6, 1962

[Redacted]

[Redacted]

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He advised that he was present in the office of HAROLD E. ORR, Superior Manufacturing Company, Amarillo, Texas, when one note and chattel mortgage were signed. He advised he did not remember which one this was, but advised that his [Redacted]

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He advised that ORR was the only one present from the Superior Manufacturing Company.

[Redacted] advised that his signature appears on this one note and chattel mortgage.

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W.W./W
W.W./W

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on 4/4/62 at [Redacted] Texas Date dictated 4/5/62

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by Special Agent WILLIAM R. JENKINS/pm

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Date April 6, 1962

[Redacted]

[Redacted]

He advised that he was present in the office of HAROLD ORR of Superior Manufacturing Company in Amarillo, Texas, when one note and chattel mortgage were signed for the purchase of fertilizer equipment to be leased to COLEMAN McSPADDEN of Hereford, Texas. He advised that only ORR was present at this time.

[Redacted] did not remember which note this was, but stated his signature appeared on this note for Crutchfield and Sons.

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DL 29-1096
File # EP 29-351

on 4/4/62 at [Redacted] Texas Date dictated 4/5/62by Special Agent WILLIAM R. JENKINS/pm

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Date April 6, 1962

[redacted] Texas. On one occasion, he talked with [redacted] about starting a fertilizer business at Crystal City. In about October, 1960, [redacted] contacted him and asked if he [redacted] cared to go to Plainview, Texas, and talk with BILLIE SOL ESTES concerning the starting of a fertilizer business. [redacted] said he knew ESTES to be a "big man" in the fertilizer business, so he rode to Plainview with [redacted]

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According to [redacted] ESTES was supposedly waiting to see him at the Capitol Hotel Coffee Shop. He advised that upon entering the Coffee Shop, he told the waitress who he was, and that he was to meet BILLIE SOL ESTES there. The waitress informed him that ESTES was in the Coffee Shop. A few minutes later, ESTES came to his table, and they discussed the financing of grain elevators. ESTES advised him that he had checked his credit and wanted him to take part in the financing of one or more grain elevators in the following manner:

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ESTES was to arrange the loan through some finance company, the loan being to [redacted] with a 10 per cent discount to [redacted] paid in cash at the time the contract was signed. The elevator would be built and the leasing arranged by ESTES for the amount of the payments. There was to be a stipulation in the contract that upon the mortgage being paid off, [redacted] agreed to sell the elevator back to ESTES for \$1.00.

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He said that while in Plainview, ESTES took him to a grain elevator owned by him (ESTES), and they observed the operation of the elevator and talked of the financing arrangements. He stated that no contracts were made on that occasion, but it was agreed that he [redacted] would go along with the plan as soon as arrangements could be made by ESTES for the financing.

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[redacted] advised that approximately two weeks after the day he contacted [redacted] at Plainview ESTES called him from [redacted]

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[redacted] He said that ESTES arrived with the contract; however, the contract was not for a grain elevator, but rather for anhydrous ammonia fertilizer tanks,

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on 4/4/62 at [redacted] 'Texas Date dictated 4/5/62

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which ESTES claimed had already been built and delivered to the lessee. The tanks supposedly had been built by Superior Manufacturing Company, Amarillo, Texas, and/or Lubbock Machine and Supply Company, Lubbock, Texas. A description of the tanks, including serial numbers, appeared on the contract and assuming that ESTES was honest, he [redacted] signed the contract, and was given a check by ESTES equal to 10 per cent of the contract amount, as previously agreed. He said he could not recall the amount of this check nor the amount of the loan involved.

[redacted] made no effort to have the contract examined by his attorney, nor did he read the contract, as it was several pages long. He said there were no witnesses to the signing of this contract, other than ESTES.

Thereafter, dates not recalled, [redacted] said he executed three additional contracts similar to the first, with ESTES. Of the three, one was signed in the presence of ESTES, and the remaining two contracts at the request of [redacted] ESTES from Plainview, Texas, who brought the [redacted] on different dates. On one such occasion,

[redacted] stated it was his understanding the tanks covered by the contracts signed by him with ESTES would be located, for the most part, in Reeves County, Texas.

[redacted] advised that in about June or July, 1961, COLEMAN McSPADDEN came to his farm with a prepared contract similar to the contracts he had been signing with ESTES. This, and all other contracts, pertained to anhydrous ammonia tanks manufactured by the Superior Manufacturing Company, Amarillo, Texas (Superior), and purportedly, these tanks were also already in the hands of the lessee. Each contract listed serial numbers for the tanks, supposedly being financed by the transaction. He advised he knew McSPADDEN was President of Superior and figured at the time there was some connection between McSPADDEN and ESTES, but later considered McSPADDEN and ESTES to be competitors.

In all, [redacted] said he signed four or five contracts with McSPADDEN, who brought the contracts, in each instance, to [redacted] home. With one exception, no one else was present at the time he executed the contracts.

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He said on one occasion, possibly the last contract, HAROLD ORR, Vice President of Superior, accompanied McSPADDEN, on which occasion there was some mention of a down payment having to be made in the amount of \$21,000.00. He said ORR wrote him a check in the amount of \$21,000.00, which check he used to open a new account at the White Deer, Texas, bank. He advised that he [redacted] in turn wrote a check against this account in the amount of \$21,000.00 to the Pacific Finance Company, which was supposedly a down payment of some sort. He claimed he was unable to recall the exact details of this transaction, but is certain the check was written to the Pacific Finance Company.

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[redacted] said he signed only one contract on the dates of contact by McSPADDEN. He said he was told by McSPADDEN that the tanks had already been delivered at Earth, Texas; Hereford, Texas; and Lubbock, Texas.

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[redacted] advised the provisions of the contracts signed with McSPADDEN were the same as the contracts signed with ESTES, in that it was stipulated the tanks were to be sold back to McSPADDEN by him at such time as the tanks were paid off.

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On all of the contracts signed by him, the monthly payments due to the finance companies on them were furnished to him by ESTES and McSPADDEN respectively, and he [redacted] in turn remitted the payments to the finance company involved. In addition, he was provided with a letter by Superior, over the signature of HAROLD ORR, in connection with all of the ESTES and McSPADDEN contracts, stating the company would hold him harmless for the contract balances should they ever become delinquent or be placed in default.

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According to [redacted] he also received letters from both ESTES and McSPADDEN wherein they agreed to reimburse him for any federal income tax he might be required to pay in the event Internal Revenue Service would not permit him full depreciation on the tanks over a five-year period.

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[redacted] related at no time did he ever attempt to inspect the tanks covered by the contracts or in any way verify that they actually existed. He claimed he was never given any reason to question the validity of the transactions and was confident in the fact that both ESTES and McSPADDEN were honest in their dealings with him.

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Approximately one month ago, [redacted] said he was contacted by ESTES who proposed making payments himself directly to the finance companies rather than through [redacted]. [redacted] said he objected to this procedure and directed a letter to ESTES to this effect pointing out he [redacted] desired the payments continue as they had in the past in order that he could be aware of the current status of the accounts. [redacted] stated he has never received a reply to this letter from ESTES.

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According to [redacted] the first knowledge or suspicion he had to indicate the contracts in question were possibly not legitimate, was as a result of a phone call made to him by ESTES several weeks ago. In this call, ESTES claimed the entire matter was about to "blow up", and stated he (ESTES) had sufficient funds to cover the contracts in which he was involved, but did not know if McSPADDEN could cover his. In this regard, [redacted] noted the last check received from McSPADDEN to cover payments due on the contracts signed with him had been returned marked "account closed", with the result [redacted] remitted the payments due, totaling \$3,000.00, from his own funds.

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[redacted] He said he had been advised by his [redacted] Texas, that his [redacted] total indebtedness amounts to about \$300,000.00, about \$150,000.00 from his deals with McSPADDEN, and a like amount from his deals with ESTES. He said he has filed civil suits against both ESTES and Superior Manufacturing Company, totaling over \$300,000.00.

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FEDERAL BUREAU OF INVESTIGATION

Date April 3, 1962

At the beginning of this interview with JIM MC CORMAC, home address 3008 Copper Avenue, [redacted] EDWARD JOSEPH MURPHY identified themselves as Special Agents of the Federal Bureau of Investigation and advised him that he did not have to make any statement, but that any statement he made can be used against him in a court of law. MC CORMAC was advised that he had the right to consult with an attorney. No threats or promises were made to induce him to give any information.

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MC CORMAC stated that he is a farmer by occupation and owns 1,280 acres in Reeves County, Texas, which is located approximately nineteen miles south of Pecos, Texas.

He stated that sometime during the month of May or June, 1961, he was approached by GEORGE KRUTILEK, an accountant with offices in El Paso, Texas, who has maintained his books for many years. KRUTILEK explained that if he (MC CORMAC) were willing to purchase a quantity of anhydrous ammonia tanks, that BILLIE SOL ESTES, Pecos, Texas, would immediately lease them from him and pay ten per cent of the purchase price, minus the down payment. He also stated that ESTES would make all payments on the contract to him, and he in turn would issue his check to the finance companies for the payments.

MC CORMAC stated that at a later date he met with BILLIE SOL ESTES at Pecos, Texas, where ESTES confirmed that for the accommodation he would pay ten per cent of the purchase price, minus the down payment on certain ammonia tanks to be purchased by MC CORMAC and would pay to MC CORMAC the amount due under any installment due on chattel mortgages to be issued and would further insure that he would suffer no liability as a result of any defaults in payments. MC CORMAC stated that while in ESTES' office, he signed several blank chattel mortgages and leases.

On 4/2/62 at El Paso, Texas File # EP 29-351
 by SA [redacted] /bg Date dictated 4/3/62

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He stated that in accord with ESTES' instructions, he sent his personal check to finance companies on a monthly basis to cover the installment payments due. He advised that he retained in his possession the installment payment books until about March 6, 1962, when a representative of ESTES telephoned from Pecos, Texas, requesting that the installment books be sent to him and advising that ESTES was planning to consolidate all of the separate loans.

MC CORMAC stated that to his knowledge he has never seen any of the tanks he allegedly purchased and which he signed chattel mortgages on, nor has he received any part or serial number plate for the tanks he allegedly purchased.

He stated that on completion of each chattel mortgage he executed, he did receive a letter from Mr. ESTES, carrying as an enclosure a letter already typed and addressed to DANIEL, Farmers Company, Fabens, Texas, instructing DANIEL to take delivery on a particular number of tanks which were supposed to have been recently purchased.

He advised that he never received any particular instruction to tell any finance company representative anything concerning the location of any tanks purchased by him. He stated that he has been contacted by representatives of the Pacific Finance Company and by representatives of Associates Investments concerning the location of tanks he was supposed to have purchased. He stated on each occasion he advised these men to contact DANIEL and ESTES with regard to the exact location. He stated after one of the visits, he telephoned DANIEL in Fabens and asked if his tanks were there, at which time DANIEL stated, "I don't know how many of your tanks are here. He sent some to the lower Rio Grande and ESTES will know where the other tanks are located."

MC CORMAC stated that he has chattel mortgages with the following companies:

1. Walter E. Heller Company - three (3) mortgages.

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2. Commercial Credit Corporation - two (2) mortgages.
3. Associates Investments - one (1) mortgage.
4. Pacific Finance Company - two (2) mortgages.
5. Kuykendall Investment Company - one (1) mortgage.

MC CORMAC stated that the amounts of the above mortgages should be roughly \$732,000.

He stated that he has never seen any of these mortgages on file at any place and does not know if any contracts or notes have been forged or on which his name has been forged.

He stated that with regard to the financial statement furnished by GEORGE KRUTILEK, his accountant, that he signed in blank a form for his accountant, GEORGE KRUTILEK, which was to contain a financial statement of his net worth and liabilities to be forwarded to ESTES as an aid in securing credit, looking toward the purchase of ammonia tanks. He stated he estimates his net worth to be about \$500,000 presently and should have been about the same in April of 1961. He stated that any financial statement or balance sheet reflecting that his liabilities and net worth are \$1,085,063.36, is absolutely incorrect. He stated that he would estimate that his net worth in that event had been exaggerated by approximately \$200,000.

MC CORMAC stated that until approximately a week ago he thought that the deal he had made with BILLIE SOL ESTES was legitimate. He stated all of his records pertaining to these transactions have been delivered to his personal [redacted] Texas, and will be available at any time for examination by Agents of the Federal Bureau of Investigation and for the scrutiny of the Assistant United States Attorney.

He further stated that at no time did he ever sign any blank checks or blank promissory notes.

He stated he subsequently received letters from BILLIE SOL ESTES and Superior Manufacturing Company, exempting him from any liability on each executed chattel mortgage. He stated he gave Superior Manufacturing Company no consideration in return for their promise to purchase the tanks back in the event of default by BILLIE SOL ESTES in continuing to make payments to him for the amount of the installments.

He stated that when he signed the blank leases and mortgages that [redacted] and he were the only persons present. He stated that he signed no promissory notes at that time. He stated it was only when he received the completed chattel mortgages and leases that he signed any promissory note.

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He stated it was explained to him that BILLIE SOL ESTES would issue him a check monthly in the amount of the total installment payment due for that month on any chattel mortgage and note. He was instructed to deposit that check into his own account and issue personal checks in payment to the particular finance company concerned.

MC CORMAC stated that he furnished ESTES with financial statements of his net worth and liabilities through his accountant, GEORGE KRUTILEK, in order that the proper credit could be secured.

He stated that the completed chattel mortgages and promissory notes and leases were delivered to him in El Paso, Texas, on different occasions by [redacted] and on other occasions by the pilot for Superior Manufacturing Company. At that time he did sign the promissory notes which agreed with the amounts reflected in the chattel mortgages and which had been completely filled out.

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He stated that he has received in the neighborhood of \$50,000 from BILLIE SOL ESTES, which represents ten per cent of the purchase price of ammonia tanks he was supposed to have purchased and which are evidenced by the chattel mortgages he executed. He stated the checks he received in this regard were drawn on the Farmers Company account, Pecos, Texas.

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MC CORMAC furnished the following description of
himself:

Name	JIM MC CORMAC
Race	White
Sex	Male
Height	5'9 $\frac{1}{2}$ "
Weight	150 pounds
Eyes	Blue
Hair	Gray, balding
Marital Status	Married
Wife	CONSTANCE MC CORMAC.
Occupation	Farmer
Born	<u>March 6, 1897</u>
Place of Birth	Fort Smith, Arkansas.
Residence	3008 Copper Avenue, El Paso, Texas

X James Mc Cormac

FEDERAL BUREAU OF INVESTIGATION
INTERVIEW REPORTDate April 9, 1962

[redacted] was contacted on April 7, 1962, and he advised that he was too tired to discuss his dealings with BILLIE SOL ESTES and COLEMAN DELBERT MC SPADDEN, [redacted]. He agreed to meet SA [redacted] in room 215, U. S. Post Office Building, Lubbock, Texas, the Resident Agency, at 10:00 AM, April 8, 1962, at which time he would gladly discuss his dealings with these two men.

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On April 8, 1962, [redacted] telephonically contacted SA [redacted] home, and stated that he desired to postpone the interview until 7:30 PM, that day. This time was agreed on and [redacted] agreed to meet SA [redacted] at the Resident Agency Office, at 7:30 PM.

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File # DL 29-1096
EP 29-351Date dictated 4/8/62by Special Agent [redacted]

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FEDERAL BUREAU OF INVESTIGATION
INTERVIEW REPORTDate April 9, 1962Texas

On April 8, 1962, [redacted] Mc Cleskey and Herring, called SA [redacted] and advised him that his firm represented [redacted] He pointed out that his [redacted] MC SPADDEN, [redacted] in the criminal charges now pending in Pecos, Texas, against MC SPADDEN, BILLIE SOL ESTES, and others. He stated that as he has not had an opportunity to fully discuss the full details of [redacted] dealings with MC SPADDEN and/or ESTES he does not consider it wise to recommend to [redacted] that he furnish any information to the FBI. He stated that [redacted] might have signed some documents that might implicate him in this matter or by freely discussing his actions might jeopardize MC SPADDEN's interests. He stated that he has advised [redacted] not to discuss this matter at this time.

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b7CFile # DL 29-1096
EP 29-351on 4/8/62 at Lubbock, Texas Date dictated 4/8/62

by Special Agent [redacted] / ns

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FEDERAL BUREAU OF INVESTIGATION

Date April 11, 1962b6
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[Redacted]

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[Redacted] said that in November of 1961, [Redacted] came to his office and said that he had a proposition and thought that he would be interested in the proposition. He said BILLIE SOL ESTES had been by to see him and told him about this proposition and that if they made a deal, he wanted to get a fee. He said he would bring BILLIE SOL ESTES by to discuss the proposition if they were interested, which he did at a later date.

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[Redacted] said that about a week later BILLIE SOL ESTES came by [Redacted]. [Redacted] explained to him the proposition, which was that he was to buy ammonia tanks, spreaders and other equipment they used in the fertilizer business. [Redacted] said that the proposition was that he was to purchase the equipment and then in turn would lease it to BILLIE SOL ESTES for a five-year period, at the end of which time Mr. ESTES had the option to buy it for \$1 and other good and valuable consideration.

The lease payments to be made by Mr. ESTES were to be equal to the monthly installments to be paid on the tanks so that at the end of the five-year lease period the tanks would be paid for.

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As an additional consideration for purchasing the tanks, SOL ESTES was to pay a down payment in the amount of twenty per cent of the purchase price in advance, and was to pay [Redacted] ten per cent of the financed

part of the use of their credit to purchase the tanks.

On 4/11/62 at [Redacted] Texas File # EP 29-351

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by SA MR. C. DAHL/bg Date dictated 4/10/62

[redacted] consideration was to be one per cent
of the unpaid balance which was to come out of the ten per
cent paid to [redacted] for the commission.

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In discussing the proposition, [redacted] asked
Mr. ESTES how he could do this, and he explained that rather
than own the tanks, if he leased them, it would be deductible
from his income tax; otherwise, he would have to capitalize
them and depreciate them over a long term.

During the discussion it was [redacted] understanding
that he was to have no liability in this proposition because
the Superior Manufacturing Company, or Mr. ESTES, stated
that the Superior Manufacturing Company would take back the
tanks should he default on his, ESTES', lease payments.
Later the Superior Manufacturing Company furnished to
[redacted] a letter stating that if BILLIE SOL
ESTES defaulted on his payments to [redacted] they would
take back the tanks for the balance of the unpaid loan and
hold [redacted] harmless.

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[redacted] stated that on or about December 16,
1961, BILLIE SOL ESTES came to his office and had prepared
certain papers to be signed in the matter. He said prior
to this time it was agreed that [redacted]
[redacted] should take approxi-
mately two million dollars worth of the anhydrous tanks
to be divided equally among the four gentlemen.

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When Mr. ESTES came to [redacted]
[redacted] he had all of the necessary papers
already prepared. Present at the time of the signing of
the papers were BILLIE SOL ESTES, [redacted]
BILLIE SOL ESTES; [redacted]
[redacted] who is Mr. ESTES [redacted] a representative of
the General Leasing Company, name not known; the pilot for
the Superior Manufacturing Company Amarillo Texas name
not known; [redacted]

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[redacted] stated at that time he signed three notes and chattel mortgages as follows:

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One in the amount of \$61,565.04; one in the amount of \$243,516.48, and one in the amount of \$360,594.

These mortgages were later financed through various finance companies. The chattel mortgage for \$61,565.04, was financed through the Kuykendall Investment Company. The chattel mortgage for \$243,516.48, was financed through the Pacific Finance Company. The mortgage for \$360,594, was financed through the Heller Finance Company.

[redacted] said also at the same time as he signed the mortgage papers, he signed equipment lease agreements, leasing all of the equipment purchased under the chattel mortgages to BILLIE SOL ESTES Enterprises. [redacted]

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[redacted] said that the notes and chattel mortgages were all filled out as to the amounts, but the dates on the mortgage papers were not filled in, and it was his understanding that the dates were to be filled in at the time the chattel mortgages were negotiated.

There were three equipment leases signed at this time. The equipment leases were to the Billie Sol Estes Enterprises and signed by [redacted]. Equipment lease number one was dated December 13, 1961, and called for the lease of eighty one-thousand-gallon superior NH3 tanks, mounted on and together with eighty four-wheel trailers, complete with axles, wheels, tires and hoses. The serial numbers were from 9524 through 9603. This lease was for a term of thirty-six months, beginning on _____ date and ending on _____ date. The lessee agreed to pay the lessor rentals aggregating \$74,285.04, of which \$12,720 was paid in advance, and the balance of the rental was \$61,565.04, payable in thirty-six equal successive, monthly, rental payments of \$1,710.14, each of which was due on the first of _____ month and _____ date.

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Equipment lease number two was dated December 18, 1961, the lessee being the Billie Sol Estes Enterprises, [redacted] This called for the lease of the following equipment:

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Two-hundred twelve five-hundred-gallon acid tanks, mounted on and together with two-hundred twelve four-wheel trailers, complete with axles, tires, and wheels.

The serial numbers of these were PA-5028 through PA-5133; PA-5142 through PA-5247. This lease also called for ninety-eight superior NH3 applicators, complete with shanks, knives, hoses, Dempster pumps and two-hundred-gallon tanks; serial numbers: PA-4908 through PA-5005.

The rentals for the said term of the lease were that the lessee shall pay to the lessor rentals aggregating \$243,516.48, of which [redacted] was paid in advance, and the balance of the rentals, \$243,516.48, was to be payable in forty-eight equal monthly rental payments of \$5,073.26, which were due on the first day of [redacted] month and [redacted] year.

The third equipment lease is dated December 29, 1961, the lessee being Billie Sol Estes Enterprises, and the lessor [redacted] This equipment lease called for the leasing of two-hundred five one-thousand-gallon superior NH3 tanks, mounted on and together with two-hundred five superior four-wheel trailers, complete with axles, wheels and hoses; serial numbers: S-217372-1000 through SS-217576-1000.

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One-hundred seventy-five five-hundred-gallon superior NH3 tanks, mounted on and together with one-hundred seventy-five superior four-wheel trailers, complete with axles, wheels and hoses; serial numbers: S-217008-1000 through S-217182-1000.

Seventy-five superior NH3 applicators, complete with shanks, knives, hoses, Dempster pumps and two-hundred-gallon tanks; serial numbers: S-217222-1000 through S-217296-1000.

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Under this lease agreement the lessee was to pay the lessor rentals aggregating \$425,219, of which \$65,325 was paid in advance, and the balance of the rental, \$360,594, was payable in sixty equal successive monthly rental payments of \$6,009.90.

All three of the lease agreements were signed by
BILLIE SOL ESTES [redacted]

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Concerning the amount of equipment purchased, [redacted] said that at the time of the discussion of this proposition with Mr. ESTES. Mr. ESTES told him, [redacted] [redacted] how much equipment he needed which was approximately two million dollars worth. [redacted] said that later on the four men - [redacted] [redacted] and himself - agreed to buy two million dollars worth of equipment, and the amount was then to be divided into approximately one-quarters to each of the participants.

[redacted] said that at the time he signed the mortgage papers and the lease agreements, Mr. ESTES gave him the following postdated checks:

Check number one was the check in the amount of \$49,096, which represented the twenty per cent down payment on the note which was to be handled by the Pacific Finance Company.

Check number two was a check for \$4,579.20, which represented nine per cent commission or payment on the note of \$61,565.04; which was to be handled by the Kuykendall Investment Company.

Check number three was a check in the amount of \$23,517; which represented the nine per cent commission on the note of \$360,594.

Check number four was a check for \$16,864.56, which represented the nine per cent commission on the note for \$243,516.48.

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[redacted] said that at a later date he received additional checks from ESTES. The date received is not recalled, however. The dates of the checks deposited were as follows:

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January 30, 1962, a check for \$6,009.90, which was the monthly payment on the note to the Heller Company.

February 21, 1962, check in the amount of \$1,710.14, which was the payment on the note to the Kuykendall Investment Company.

March 5, 1962, a check for the amount of \$6,009.90, which was the second payment on the note to the Heller Company.

March 5, 1962, check in the amount of \$5,073.26, which is the payment to the note held by the Pacific Finance Company.

All of these checks were sent in the mail to [redacted]

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[redacted] said that upon receipt of the checks from BILLIE SOL ESTES, he made the payments with his own checks to the Heller Company, to the Kuykendall Company and to the Pacific Finance Company.

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[redacted] said that he did not sign any blank checks at the request of anybody for the purpose of making payment on notes or for any other reason.

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[redacted] also said that he has never seen any of the tanks that he allegedly purchased or received any part thereof, such as serial number plates. He said that the only serial numbers that he knows of are the serial numbers which were listed on the lease agreements. [redacted]

[redacted] said that on or about March 5 or 6, 1962, he and [redacted] went to see BILLIE SOL ESTES at Pecos, Texas, and asked him to show them the tanks. [redacted] said

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that Mr. ESTES told him that the tanks were distributed on the various farms in the area and that he did not want [redacted] to disturb the farmers, as he had contacts with them and he was afraid that if anybody would start nosing around, the farmer would break the lease with him, and he would not have any business. [redacted] said that BILLIE SOL ESTES told him to "sit tight and don't rock the boat and I will get it worked out."

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[redacted] said that BILLIE SOL ESTES also told him that he had a million dollars stashed out and that if they blew up this business, he would go to Brazil.

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[redacted] said that at no time did he receive any instructions from anyone concerning what he was to say in the event a representative of a finance company or anyone else made inquiry as to the location of the tanks.

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He says he does not know if his name has been forged on any chattel mortgage or note, as he has not seen the chattel mortgages or notes since they were filed, and he does not know where the chattel mortgages were filed.

[redacted] said that concerning the liability in this matter, from the time of the first proposition made to him by Mr. ESTES, it was his understanding that at no time was he to have any liability, that in case of default by Mr. ESTES on the lease agreements, the tank company was to take back the tanks for the unpaid balance and relieve him of any liability. He said that he did get a letter at a later date from the Superior Manufacturing Company, which letter stated that they would take the tanks back if Mr. ESTES defaulted on the payments of his lease.

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At the time the papers were signed, [redacted] said that ESTES told him that there would be a possibility that the papers would be negotiated through one or more of several companies, and he named the Heller Company of Chicago, the Pacific Finance Company of Los Angeles, the Kuykendall

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Investment Company of Lubbock, Texas, C. I. T. and the Commercial Credit Company, but ESTES indicated, however, that the notes or mortgages would probably be negotiated through the Heller Company, the Pacific Finance Company and the Kuykendall Company.

FEDERAL BUREAU OF INVESTIGATION

Date April 3, 1962

JESSE JAMES TABER was interviewed at his farm located just outside Van Horn, Texas, by RICHARD H. PICKEN [REDACTED] [REDACTED] at which time TABER was advised of the identities of PICKEN [REDACTED] as Special Agents of the FBI. TABER was advised that he did not have to make any statement and that any statement he did make could be used against him in a court of law. No threats, promises of reward or other inducements were made to TABER in order to obtain information from him. TABER was advised of his right to consult an attorney at any time.

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TABER executed a signed statement, and this statement is hereinafter set forth in verbatim:

"March 31, 1962
Van Horn, Texas.

"I, Jesse James Taber, make the following voluntary statement to Richard H. Picken and to [REDACTED] who have identified themselves to me as Special Agents of the Federal Bureau of Investigation. I have been advised that I do not have to make any statement and that any statement that I do make can be used against me in a court of law. No threats, promises of reward, or other inducements have been made to me to obtain this statement. I have been advised that I have the right to talk with a lawyer at anytime. I was born on February 7, 1918, at Murphy, Texas. I have a high school education. I farm in Culberson County, Texas, near Van Horn, Texas, where I own 168 acres.

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"I have known Billie Sol Estes of Pecos, Texas, since about 1956 and have always thought of him as a promoter and a man who makes big deals involving large sums of money. I have known that he headquarters in Pecos and owns or controls the Billie Sol Estes Enterprises there. In about 1956, Billie talked with me personally about using my quonset for a place to store his fertilizer product and also to distribute this product. We

On 3/31/62 at Van Horn, Texas File # EP 29-351
 SA [REDACTED]
 by SA RICHARD H. PICKEN/bg Date dictated 4/2/62

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entered into no agreement at that time. In about December of 1960 I went to Pecos to see Billie about establishing an account with his company there for the purchase of fertilizer and insecticide. At that time, while in his office, Billie approached me with a business proposition. By the general terms of this proposition, I was to buy, from the Superior Mfg. Co., Amarillo, Texas, several anhydrous ammonia tanks and related equipment; Billie was to make the down payment on this equipment and I was to lease the equipment back to Billie. He explained to me that I would have to execute a promissory note and a chattel mortgage in favor of Superior Mfg. Co. as evidence of indebtedness and security. Billie told me that my benefit from this deal would come when he, Billie, would pay me ten percent (in the form of a commission) of the amount financed. It was never intended, by the terms of our agreement, that I would ever take possession of or use any of these tanks since Billie, from the outset, told me that he wanted to use these tanks in the expansion of his fertilizer business, thus, the reason for the lease. I was not told that the note and mortgage given by me was to be sold to a finance company and I was under the impression that this paper was to be carried by Superior Mfg. Co.. I did not know that Superior was connected in any way with the Billie Sol Estes Enterprises. No definite amount for the purchase contracts was established at this time. At no time did I suspect any illegality in any of these transactions. I later decided to make a deal with Billie Sol for the purchase of some tanks. The future amounts of the notes and mortgages in this series of deals were to be left strictly up to the discretion of Billie Sol. I want to point out that at the time of our negotiations Billie told me that there would be no liability on my part in this matter and that I would be furnished with a letter from Superior Mfg. Co., stating that Superior would take back the tanks at any time Billie defaulted in the lease agreement and they would hold me harmless. In other words, I knew that I would not have to put out any money in the deal, that I would have no liability,

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and that I would definitely be compensated for what in effect amounts to selling my endorsement to Billie Sol in order that he might raise a great deal of capital quickly.

Subsequently, I entered into five transactions with Billie Sol. The first was on March 16, 1961, when, in Billie Sol's, Pecos, Texas, I signed a promissory note, a chattel mortgage, and a lease agreement, said note in the amount of \$48,640. and payable to Superior Mfg. Co.. The items purchased under the contract were sixty 1,000 gallon NH3 tanks, Serial numbers SE-17941 thru SE-18000. These papers were already prepared and all I had to do was to sign them. The equipment lease I signed stated that the tanks were to be maintained in Pecos, Reaves County, Texas. I never took possession of any of these tanks. I received no money commission on this contract but was given credit on my fertilizer account with Billie Sol. I will retain these papers in case they are needed for evidentiary purposes. I later learned that this contract was sold to CIT in Dallas, Texas. I was given no money at the time of the signing of these papers. It was understood that Billie would make the lease payments to me and I would then make the payments to the company holding my promissory note. On March 29, 1961, I entered into another contract for the purchase of tanks, said contract being signed by me in Billie Sol's office in Pecos, Texas. This contract was for the purchase of twenty five Superior combination NH3 acid applicators, Serial numbers CA-287 thru CA-311. The note, mortgage, and equipment lease were the same type of documents which I executed on March 16, 1961. I was not told that this contract was to be sold but I later learned that it had been sold to Pioneer Finance Company of Detroit, Michigan. Again, Billie Sol was to maintain the items purchased in Pecos, Reeves County, Texas. These papers were all filled out and all I had to do was to sign them. I will likewise retain these papers for future use as evidence. I wish to point out that on this last contract I received no money commission but was given credit on my fertilizer account with

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Billie Sol. On December 20, 1961, I received through the mail an equipment lease reflecting that Billie Sol Estes Enterprises leased from me one hundred ninety six one thousand gallon Superior propane skid tanks, Serial numbers S-207480-1000 thru S-207675-1000. The lease stated that these items were to be maintained by Estes in Pecos, Reeves County, Texas. This equipment lease grew out of another lease signed by me on November 8, 1961, wherein I leased the same one hundred ninety six tanks from General Leasing of Fort Wayne Inc., New Haven, Indiana. I signed no note or mortgage in connection with this double leasing deal. The total amount due on this leasing deal was \$129,580.80. This November 8 lease was brought to my place for signature in Van Horn by Dan Daniels from Fabens, Texas. He told me that he was representing Estes in this deal. I was to receive a \$7,949.70 commission on this deal. I will likewise retain these lease papers. Billie Sol was to make the \$19,875. down payment on this lease deal and the balance was to be financed by Walter Heller of Chicago, Illinois. On December 4, 1961, I signed another note, mortgage, and lease just like the first two deals, and the note was for \$48,230. At this time I knew that my note was to sold and therefore I made the note payable to Associates Investment Company of Lubbock, Texas. Under this contract I purchased sixty one thousand gallon tanks with serial numbers S-1004899-1000 thru S-1004958-1000. I'm not sure where I signed this contract. Shortly after the first of 1962, I received a check for about \$9,000., \$3,710. of which was my commission on the contract which I signed on December 4, 1961. I will likewise keep these papers. This check was from the Farmer's Company, Pecos, Texas. I signed the final contract on December 27, 1961, after receiving the contract, note, mortgage, and equipment lease by mail from Billie Sol. This note which I signed, as well as the mortgage I signed, were in the amount of \$46,800. The note was payable to Caprock Investment Co., Lubbock, Texas. By this contract I purchased fifty eight one thousand gallon tanks with Serial numbers S-1005126-1000 thru S-1005183-1000. I later received \$3,600. commission on this last contract and this sum was

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included as a part of the \$9,000. check previously mentioned. I will likewise retain these papers. I was told that all these notes and encumbrances were to be filed with the Culberson County Clerk, Van Horn, Texas. I never received any cash from Estes or his representatives; all money commissions were received by check. I have made all called for payments on these contracts myself. I never signed any blank checks for use in making any payments. I have never seen any of the tanks which I purchased under these contracts and I have never received any serial number plates. I was recently told that if I were questioned by any finance companies concerning any payments under the contracts I was to refer the inquiries to Billie Sol; Billie told me to do this himself. The only deal that I knew was to be financed outside the State of Texas was the deal involving Heller of Chicago; [redacted] [redacted] from Billie Sol's Pecos office told me about Heller's participation in advance. Nobody ever asked me to look at the tanks which I purchased. I am willing to testify to the information contained in this statement.

"I have read this statement of two pages and it is true and correct.

"/s/ Jesse James Taber

"Witnesses:

"/s/ Richard H. Picken, Special Agent, FBI, El Paso, Tex. (3/31/62)

"/s/ [redacted] Special Agent, FBI, El Paso, Texas, 3/31/62" b6 b7C

The following is a physical description of JESSE JAMES TABER as obtained through observation and interview:

Race	White
Sex	Male
Nationality	American

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~~J. J. Taber~~
~~Jesse James Taber~~

<u>Born</u>	<u>February 7, 1918, at Murphy,</u> <u>Texas</u>
Height	6'1"
Weight	160 pounds
Eyes	Hazel
Hair	Brown
Scar	Vertical cut scar over right eye
Address	P. O. Box 644, Van Horn, Texas
Education	Twelfth grade
Previous Military Service	United States Army 1936-39; slight term of service in 1945, service number 62 774 45
Occupation	Farmer (cotton and a few cattle)
Marital Status	Married
Wife	MARGARITE TABER, Box 644, Van Horn, Texas

Miscellaneous
Information

TABER owns farm of 168 acres in Culberson County, Texas, with house thereon; has farmed in Culberson County since 1951.

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FEDERAL BUREAU OF INVESTIGATION

Date April 3, 1962

THOMAS EUGENE WELLS was interviewed at his Texaco Station, Sierra Blanca, Texas, by RICHARD H. PICKEN and [redacted] at which time Mr. WELLS was advised of the identities of PICKEN and [redacted] as Special Agents of the FBI. WELLS was advised that he did not have to make any statement and that any statement he did make could be used against him in a court of law. No threats, promises of reward or other inducements were made to WELLS in order to obtain information from him. WELLS was advised of his right to consult an attorney at any time.

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The following is the verbatim text of a signed statement furnished by WELLS:

"March 30, 1962
Sierra Blanca, Texas

"I, Thomas Eugene Wells, make the following voluntary statement to Richard H. Picken and to [redacted] who have identified themselves to me as Special Agents of the Federal Bureau of Investigation. I have been advised that I do not have to make any statement and that any statement that I do make can be used against me in a court of law. No threats, promises of reward, or other inducements have been made to me to obtain this statement. I have been advised that I have the right to talk with a lawyer at any time in this matter.

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"I was born on January 29, 1912, at Kirbyville, Texas. I own Gene Wells' Truckstop in Sierra Blanca, Texas, and my address is P. O. Box 277, Sierra Blanca, Texas. I have a college degree.

"In the summer, month unrecalled, of 1961, my bookkeeper from El Paso, Texas, by the name of George Krutileck talked to me in Sierra Blanca, Texas, and advised me of a profitable business opportunity whereby I could purchase numerous anhydrous ammonia tanks from the Superior Mfg. Co., of

On 3/30/62 at Sierra Blanca, Texas File # EP 29-351
 by SA RICHARD H. PICKEN and
SA [redacted] /bg Date dictated 4/2/62

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Amarillo, Texas, and after entering a purchase agreement with Superior I could then lease these tanks to the Billie Sol Estes Enterprises of Pecos, Texas, in return for which said Enterprises would pay me ten percent, in money, of the face amount of the promissory note executed by me in favor of Superior as the purchase of the tanks and other related equipment. Said Enterprises also were to make all the payments of principal and interest due on the promissory note. At this time I was told that the note executed by me to Superior was to be assigned by Superior to some Finance Company; numerous companies were mentioned and most of them were out of the State of Texas. Among the finance companies mentioned was Pacific Finance Company of Los Angeles, California. I asked George the question: How could Superior or Estes Enterprises afford to pay me the ten percent commission on this deal so quick? George said that the plan was for Superior to sell such a large volume of these tanks quickly at a discount so as to raise considerable immediate capital from which the commission could be paid. The deal sounded good to me since I had heard of the Billie Sol Enterprises and of Billie Sol's terrific reputation as a high financier and I was convinced of the legitimacy of the deal and Billie Sol because of his connections with high ranking political officials. I had no personal contact with Billie Sol but was satisfied to rely on George so I told George to go ahead and set up the deal. George said that he would contact Billie Sol and advise him of my willingness to enter in this business venture. I asked George what would happen if Billie Sol defaulted and he said that Superior would buy back the tanks for the balance due on them, and that Billie Sol would give me a letter relieving me of any further obligation in the matter. I asked George where all of these tanks would be used and he told me that the tanks would be dispersed throughout the entire West Texas area, wherever there is irrigation going on, and that they might even go out of the State of Texas. I asked about this business of removing mortgaged property from the State and George told me that this would be done in a perfectly legitimate manner. After considerable discussion as to how much I could invest in this venture, the figure of \$78,864. as my total indebtedness was arrived at and I learned from George that Pacific Finance Company in Los Angeles,

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California, had approved this loan. I might add that I gave my check in the amount of \$15,900., as a down payment, to Superior and I received a check for a like amount from the Farmer's Company, Pecos, Texas, and I knew that this Company is owned by Billie Sol Estes Enterprises. My check was dated October 13, 1961. On October 13, [redacted] flew to Sierra Blanca, Texas, and gave me some papers to sign. Among these papers was a promissory note in the amount of \$78,864. and a chattel mortgage for a like amount. These two documents were already prepared with the exception of my signature. I signed both documents in the presence of [redacted]. The note was made payable to the Superior Mfg. Co., Amarillo, Texas, and the mortgage was in favor of the Supr. Mfg. Co., Amarillo, Texas. The mortgage stipulates that the chattels therein were one hundred, one thousand gallon, NH3 tanks mounted on and together with one hundred ranger four wheel trailers complete with axles, wheels, tires, and hoses; Serial numbers - A-14049 thru A-14072; A-14132 thru A-14171; A-14212 thru A-14247. I retained copies of these documents and am turning them over, 3/30/62, to Richard H. Picken. Accompanying these two documents were two other documents: One is a letter dated 10/13/61, signed by Billie Sol Estes relieving me of the responsibility of making any payments out of my own money on the contracts; The other is a letter dated 10/13/61 from Superior, signed Harold E. Orr, guaranteeing to pay off the balance on the contracts if Billie Sol defaults. These two documents I also turn over to Mr. Picken, 3/30/62. I am also turning over to Mr. Picken, 3/30/62, a copy of a seller's assignment reflecting an assignment of the contract from Superior Mfg. Co. to the Pacific Finance Corporation (no town or state given). I have initialed all documents turned over to Mr. Picken. Right after signing the note and the mortgage I and the pilot took the papers to the Hudspeth County Clerk's Office, Sierra Blanca, Texas, for recording. I have never to this day seen any of the tanks which I bought but under date of October 24, 1961, I received a letter from the Dan Daniel Chemical Company, Box 177, Fabens, Texas, stating that this Company had taken delivery on four corken compressors, thirty two one thousand gallon NH3 tanks, ten five hundred gallon acid tanks, and one hundred one

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thousand gallon NH₃ tanks. I have likewise initialed and turned over to Mr. Picken this letter. I point out that the letter from the Daniel Chemical Company does not list the serial numbers of these items. I want to state that I received no money for signing the aforementioned papers. I have made no payments on the note. I have signed no blank checks in connection with this matter. I was never given any instructions by anyone as to what to say should a finance company make inquiry as to the location of the tanks. On October 18, 1961, I received a check from the Farmer's Company of Pecos, Texas, for several thousand dollars and this represented my commission on the contract which I signed at Sierra Blanca, Texas, on October 13, 1961. I have received no additional money on this contract.

"I stand ready at anytime to testify to the information set forth in this signed statement.

"I have read this statement consisting of this and two other pages and the statement is true and correct.

"/s/ Thomas Eugene Wells

"Witnesses

"/s/ Richard H. Picken, Special Agent, FBI, El Paso, Tex.
(3/30/62)

"/s/ [redacted] Special Agent, FBI, El Paso, Texas,
3/30/62." b6
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In addition to the information furnished in the foregoing signed statement, WELLS advised that he entered into some other contracts with BILLIE SOL ESTES for the purchase of additional ammonia tanks. He stated that as in the foregoing transactions described in the signed statement, he never received nor saw any of the tanks covered by the chattel mortgages. He advised that it would be somewhat difficult

and time-consuming for him to go through all of his records and extract therefrom all of the documents which pertain to his negotiations with BILLIE SOL ESTES. He assured, however, that he would get these records up and would make same available to the Federal authorities at any time.

The following-described documents were turned over to Special Agents PICKEN and [redacted] by GENE WELLS:

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1. A letter dated October 24, 1961, to Mr. GENE WELLS, Box 277, Sierra Blanca, Texas, signed by DAN DANIEL of the Dan Daniel Chemical Company, P. O. Box 177, Fabens, Texas, wherein DANIEL stated that his company had taken delivery of four corken compressors, one hundred thirty-two one-thousand gallon NH₃ tanks, and ten five-hundred gallon acid tanks;
2. A letter dated October 13, 1961, from the Superior Manufacturing Company, Amarillo, Texas, signed HAROLD E. ORR and signed R. W. ALEXANDER, to Mr. GENE WELLS, P. O. Box 277, Sierra Blanca, Texas, wherein the Superior Manufacturing Company agreed that should Mr. BILLIE SOL ESTES default on the payments for said tanks, the Superior Manufacturing Company would buy the tanks for the remaining balance due on the contract;
3. A letter dated October 13, 1961, signed BILLIE SOL ESTES, addressed to Mr. GENE WELLS, P. O. Box 277, Sierra Blanca, Texas, stating that BILLIE SOL ESTES agrees to keep WELLS harmless from having to pay any payments or from being out any money personally on the contracts;
4. A copy of a conditional sales contract from Superior Manufacturing Company, wherein it is reflected that for the total sum of \$78,864, GENE WELLS purchased, on October 13, 1961, from Superior, one-hundred one-thousand gallon NH₃ tanks mounted on and together with one hundred ranger four-wheel trailers complete with axles, wheels, tires and hoses, serial numbers A-14049 through A-14072; A-14132

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through A-14171; A-14212 through A-14247. (Attached to item number four is a copy of a document which purports to be an assignment of this contract by Superior Manufacturing Company to the Pacific Finance Corporation, and the signature of HAROLD E. ORR as the vice president of Superior Manufacturing Company appears on this document.)

~~Then~~ ~~Wells~~ The following is a physical description of WELLS as obtained through observation and interview:

Race	White
Sex	Male
Nationality	American
Born	January 29, 1912, at Kirbyville, Texas
Height	5'5"
Weight	155 pounds
Eyes	Hazel (right eye missing)
Hair	Brown
Build	Medium
Scar	Semi-circular cut scar on left side of forehead
Address	Box 277, Sierra Blanca, Texas
Previous Military Service	1942-46, United States Army, Serial Number 38 215 346
Occupation	Owes and operates service station and truck stop
Education	College degree from Northwestern College of Louisiana
Marital Status	Married
Wife	MAGGIE WELLS, Box 277, Sierra Blanca, Texas

Miscellaneous
Information

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Banks: predominately at Van Horn
State Bank, Van Horn, Texas,
but has other banks with small
accounts.

Owes a ranch with home appurtenant,
and ranch contains 447 acres
located in Hudspeth County, Texas.

FEDERAL BUREAU OF INVESTIGATION

Date April 11, 1962b6
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[Redacted]

[Redacted] stated that he was not present in the office when BILLIE SOL ESTES and/or [Redacted] consulted [Redacted] concerning the proposition of buying some anhydrous ammonia tanks.

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He said that later he had a conference with [Redacted]

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[Redacted] and they explained to him the proposition that had been made by Mr. ESTES. [Redacted] stated that as he recalled the proposition was that he, together with the other members of this group were to buy some anhydrous ammonia tanks and other equipment and that these tanks were to be then leased to Mr. ESTES, that Mr. ESTES was to pay 20% of the total purchase price as the down payment on the tanks, and that he was to pay to each individual 9% of the finance price as a commission for their purchasing the tanks. He said as he understood the proposition there was no liability on his part if he entered into this agreement as it was understood the should Mr. ESTES default upon the payments of the lease for the tanks, the tank company was to take the tanks back for the balance of the payments and the mortgagor would not be liable.

[Redacted] said that sometime during the latter part of 1961, he signed three mortgages, three leases and three delivery slips concerning the purchase of anhydrous ammonia

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On 4/9/62 at [Redacted] Texas File # EP 29-351

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by SA ROY C. DAHL/jcs 177 Date dictated 4/9/62

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tanks and other equipment. [redacted] said that the papers in question were signed [redacted] b6
[redacted] Texas, sometime around the 16th of December, b7C
1961. He said present at the signing were BILLIE SOL ESTES; [redacted]
[redacted] BILLIE SOL ESTES; [redacted]
of [redacted] Mr. ESTES; a representative of the General Leasing Company; the pilot for the Superior Tank Company, Amarillo, Texas; [redacted]
[redacted] stated that to the best of his recollection, all of the mortgage papers and leases were filled out with the exception of the dates. He said that the delivery slips were also filled out but is not sure whether or not the dates were thereon.

Concerning the amounts on the mortgage, [redacted] stated that it was agreed between he and [redacted] b6
[redacted] b7C that they were to purchase approximately \$2 million worth of tanks and other equipment and this was to be split four ways, each one taking approximately one-fourth of the total amount.

The papers in question that were signed by [redacted] b6
were all brought to his office by Mr. ESTES and all of the b7C
papers were signed at one time.

[redacted] checked the records of his office and found b6
that he signed mortgages as follows: b7C

To Walter E. Heller and Company, a mortgage in the amount of \$350,757.00.

To the Kuykendall Investment Company, a mortgage in the amount of \$61,565.04.

To the Pacific Finance Company, a mortgage in the amount of \$253,813.44.

[redacted] states that his records show that he received the following monies in the form of checks from BILLIE SOL ESTES. At the time the mortgage papers were

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signed, BILLIE SOL ESTES left some post-dated checks which checks were deposited to [redacted] account as follows:

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January 15, 1962, a check in the amount of \$4,579.20, which represented the 9% payment to [redacted] on the Kuykendall mortgage.

January 15, 1962, a check in the amount of \$22,875.48 was deposited which check represented the 9% commission on the \$350,757 mortgage of the Heller Company.

On January 22, 1962, he deposited a check for \$51,172, which represented the 20% down payment on the Pacific Finance loan.

On January 30, 1962, a check of \$17,521.92 was deposited, which check represented the 9% commission on the Pacific Finance Company loan.

On January 30, 1962, [redacted] received a check for \$5,845.95 from Mr. ESTES, which check represented the first payment on the Heller note.

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On February 21, 1962, [redacted] received a check from ESTES in the amount of \$1,710.14, which represented the first payment on the Kuykendall note.

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On March 5, 1962, [redacted] received a check in the amount of \$5,287.78, which represented the first payment on the Pacific Finance note.

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[redacted] said that he made payments upon receipt of these checks as follows:

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He made the down payment of \$51,172 to the Pacific Finance Corp. and as each of the checks were received from Mr. ESTES, he made the payments on the Heller account, on the Kuykendall account and on the Pacific Finance account. He stated

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he would deposit the checks received from Mr. ESTES in his bank account in Midland, Texas, and would sent his personal checks to the various finance companies.

[redacted] said that he did not sign any blank checks at the request of the person making the offer to be used in making payments on notes or for any other reason.

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He said that he did not see any of the tanks purchased or receive any part thereof, such as serial number plates. He said that the only serial numbers he noted were on the lease agreements which he signed with Mr. ESTES at the time he signed the mortgage papers.

[redacted] stated that he had no instructions as to what to say in the event a representative of a finance company or anyone else made inquiry as to the location of the tanks.

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[redacted] stated that he does not know if his name has been forged on any chattel mortgages or notes as he has not seen any of the chattel mortgages and does not know where they have been filed.

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[redacted] stated that he is willing to testify concerning this matter and states that at the time he signed the papers, he recalls that Mr. ESTES told him or made the remarks that the mortgage papers would probably be handled by the Heller Company, the Pacific Finance Company or the Kuykendall Investment Company. [redacted] also thought that perhaps some of the papers may have been handled or would be handled by the General Leasing Company, whose representative was there at the time of the signing.

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VI. TANK PRODUCTION AND EXISTENCE OF TANKS

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FEDERAL BUREAU OF INVESTIGATION

Date April 6, 1962

[redacted]

[redacted] Ocean
 Accident and Guaranty Company, 1312 Taylor Street, Amarillo, Texas, advised he was [redacted] above company, which company had a contract with the American Society of Mechanical Engineers [redacted]
 [redacted] Superior Manufacturing Company of Amarillo, Texas, (Superior), [redacted] American Society of Mechanical Engineers.

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[redacted]
 by Superior. He advised the lowest serial number during this period was S-1212 and the last one was S-6490, indicating that about 5,278 tanks were produced during the period. He advised this figure represented both liquid petroleum gas tanks and anhydrous ammonia tanks, and he estimated about 60 per cent of the above represented anhydrous ammonia tanks.

[redacted] advised the above records would be available for review or reproduction at the office of the Ocean Accident and Guaranty Company, 1312 Taylor Street, Amarillo, whenever needed.

He also advised tank inspections prior to October 8, 1960, would probably be available from Employers Casualty Company since they had the contract prior to the time that Ocean had it.

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DL 29-1096
 File # EP 29-351

on 4/2/62 at Amarillo, Texas Date dictated 4/4/62
 by Special Agent WILLIAM R. JENKINS/pm

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FEDERAL BUREAU OF INVESTIGATION

Date April 5, 1962

Robert Thurman Daniel b. 7/27/10, Fannin Co.,
T-205
N-2 MURKIN

R. T. DANIEL was located at 1044 Pinkerton Street, Fabens, Texas, on April 1, 1962. He was advised of the identities of JACK C. SPENCER and RICHARD H. PICKEN as Special Agents of the Federal Bureau of Investigation. He was told that any information he chose to give would be purely voluntarily on his part and could be used in a court of law against him. He was informed of his right to consult an attorney of his own choosing. He was also advised and said he clearly understood that no threats or promises were being made to induce him to make any statement. He was interviewed briefly during which time he stated that he was commonly known in Fabens, Texas, as DAN DANIEL, that he was an employee of the Farmers Company, being branch manager of that company in Fabens, Texas, and had been so employed since late 1957 or early 1958. He advised that the Farmers Company of Fabens was one of several branches of this company and that the company itself was part of the Billie Sol Estes Enterprises of Pecos, Texas. He also admitted that he was the DAN DANIEL Chemical Company of Fabens, Texas. At this point he stated that he had on the morning of April 1, 1962, consulted with his [redacted] and that he did not desire to submit to any further questions until he had an opportunity to discuss the matter with his attorney and that very definitely he did not desire to furnish a signed statement concerning anything he may have already said.

On April 2, 1962, [redacted] Attorney at Law, El Paso, Texas, telephonically advised that inasmuch as he was already representing some of the BILLIE SOL ESTES Enterprise Companies, he did not wish to undertake to represent Mr. DANIEL and had so advised him. Mr. PEARSON stated that Mr. DANIEL, on his advice, would be represented by El Paso [redacted]

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[redacted] sent his client to the El Paso Office

On 4/1/62 at Fabens, Texas
4/2/62 at El Paso, Texas
4/3/62 at El Paso, Texas File # EP 29-351

by ASAC JACK C. SPENCER / clp Date dictated 4/4/62
SA RICHARD H. PICKEN

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to be interviewed on April 2, 1962, with instructions that he cooperate fully furnishing information truthfully to the best of his knowledge and that he give a signed statement if it were so desired.

Mr. DANIEL was interviewed on April 2 and again on April 3, 1962. The following is a signed statement incorporating the results of that interview:

"April 3, 1962
El Paso, Texas

"I, Robert Thurman Daniel, make the following voluntary statement to Richard H. Picken and Jack C. Spencer, who have identified themselves to me as Special Agents of the Federal Bureau of Investigation. I have been advised that I do not have to make any statement and that any statement I do make can be used against me in a court of law. No threats, promises of reward, or other inducements have been made to me to obtain this statement. I have been advised that I have the right to consult an attorney at any time.

"I was born on July 27, 1910, in Fannin County, Texas. I have a high school education. I reside at 1044 Pinkerton Street, Fabens, Texas. I am employed as the Manager of the Farmer's Company of Fabens, Texas.

"I have been acquainted with Billie Sol Estes of Pecos, Texas for about four years as an employee. I am also aware of the fact that the Farmers Company of which I am branch manager in Fabens, is one of the business ventures of Billie Sol Estes Enterprises, which has its headquarters in Pecos, Texas.

"In the spring or early summer of 1960, two men representing themselves as being from the Pecos headquarters of the Billie Sol Estes Enterprises came to the Farmers Company in Fabens, Texas, for the purpose of changing serial number plates on anhydrous ammonia tanks. I received their

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names but did not write them down and I cannot recall them at this time. They were driving a tan Oldsmobile four door sedan of a late model. I called [redacted] or possibly Mr. Wesson at Pecos, Texas. I was told the men were legitimate and that they had come to change serial numbers on tanks used by the Farmers Company at Fabens, Texas. They had serial plates with them to put on these tanks. I didn't personally examine them closely but am sure they were Superior Manufacturing Company plates. While these men were still in Fabens, two additional men came down from Pecos. Again I do not know their names but one of them was a small man, about 5'4" tall, weighing approximately 150 pounds, whom I believed I had previously seen at the Estes headquarters in Pecos, Texas. All four men engaged in the process of removing prior serial number plates and replacing them with new serial number plates. This was done by them alone with respect to the tanks in the storage yard near the Fabens Railroad Station. I personally accompanied them into the field to show them where additional tanks were being used to deliver liquid fertilizer or other chemical products to farmers in order that they might also change the serial numbers on those tanks. With respect to the changing of the plates in the storage yard, I can say that from time to time as I had occasion to visit the yard, I actually saw them removing old plates and installing new ones. With respect to the tanks in the field, I was present at the time the plates were exchanged. I also accompanied these four men to Anthony, Texas, and Las Cruces, New Mexico, to the branch offices of the Farmers Company in those locations where these men exchanged serial number plates in a manner similar to that done in Fabens, Texas. I also took them to outlying farming areas so that these changes could be made in tanks being used to deliver products to various farmers.

"When this serial number change was all complete, these men furnished my office in Fabens with a record of the old serial number and the new serial number for each tank

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involved in a change. This record was placed in my files of the Farmers Company in Fabens and to the best of my knowledge it is still there.

"As a result of this operation plus my conversations with the men involved in the changing of serial numbers, I gained the impression that the Billie Sol Estes Enterprises were in some kind of trouble with finance companies and that that was the reason for the serial number change in order that serial numbers could be made to check with finance company records. My Pecos headquarters subsequently told me orally that the tanks on which the numbers had been changed would be checked by some finance company representative in the near future. Sometime after this change was completed, a man representing a New York finance company came to Fabens to check serial numbers. This was in the summer of 1960. I recall this because the man from the finance company was not used to hot weather.

"As a result of all this I came to a personal conclusion that Billie Sol Estes was doing something wrong with tanks. I further wondered as to my own part in this picture, but I needed a job and the money it produced and I decided to ride along.

"In the spring of 1961 a conference was held in the Farmers Company office in Fabens, Texas, by Billie Sol Estes and several Lower Valley farmers. I was not present at the conference but was in the building occupied by the Farmers Company. I did not hear anything about the meeting from Billie Sol Estes or from having overheard any of the conference. I did, however, on the afternoon of the same day the conference was held, overhear some of the farmers who had been in the conference discussing the fact that Billie Sol Estes had given them a proposition whereby they would buy anhydrous ammonia tanks; lease them to Billie Sol Estes; Estes would furnish them with all the papers necessary to complete the transaction for their inspection and approval; the farmers if they chose to accept, would furnish financial statements and they would be paid a 10% fee for the use of

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their financial statement based on the net worth that it indicated; Estes would make a down payment of 20% on the tanks; this 20% together with the 10% paid based on the financial statement would leave only 70%; and the tanks would be surely worth that. I also gathered from their conversation that this last bit of information was really of no great importance because Billie Sol Estes had assured them that he would continue if they agreed to purchase the tanks to lease them and pay them for the lease, which would end up by costing them nothing.

"Shortly after the afore-mentioned meeting between Estes and the farmers where he outlined his proposition, I was advised by my headquarters in Pecos to establish a fictitious company by the name of 'Dan Daniel Chemical Company, P. O. Box 177, Fabens, Texas.' I also was instructed to have letterhead stationery for this concern prepared. This I did.

"I was subsequently advised from my headquarters in Pecos that from time to time I would be told how many tanks had been purchased and by what farmers. This advice included information as to the serial numbers of the tanks allegedly covered by the sale. I was to act on this information by preparing a letter on the stationery of the Dan Daniel Chemical Company addressed to these persons acknowledging the fact that I had taken delivery of the tanks by serial number I was told they had purchased. In one instance I recall and I believe this was in October of 1961 I wrote such a letter to Gene Wells of Sierra Blanca, Texas, advising him I had taken delivery of slightly over 100 anhydrous ammonia 1000-gallon tanks at Fabens, Texas, for his account. I did this acting on instructions possibly given telephonically by [redacted] of the Pecos headquarters. I knew I had not received any such tanks and there was a doubt in my mind as to whether all of these tanks actually existed but I chose to believe that this simply meant that the Billie Sol Estes Enterprises with me acting as their

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agent, was acknowledging receipt of the tanks.

"This process of receiving telephonically information concerning tanks and their serial numbers and the identity of farmers who had allegedly purchased them followed by my letter of acknowledgement was followed with respect to several other farmers. I recall for example that I sent a similar letter to [redacted] Texas, acknowledging delivery of a large number of tanks. As I indicated in the case of Gene Wells, I knew that I had not personally received such tanks.

"I recall that sometime in the winter of 1961 I took some papers pertaining to the sale of anhydrous ammonia tanks to Culberson County, Texas, and gave them to Mr. Jesse James Taber on his farm near Van Horn. Jesse signed these papers, returned them to me and I believe that I mailed them to Billie Sol Estes in Pecos, Texas.

"In my capacity as manager of the Farmers Company at Fabens, Texas, I did from time to time receive anhydrous ammonia tanks. These tanks, however, were separate and distinct from the tanks acknowledged by me on the Dan Daniel Chemical Company stationery in that they were tanks used by the Farmers Company in its regular business of supplying liquid fertilizer and other liquid chemical products sold by the Farmers Company and delivered by means of these tanks to the farmers' fields. Such tanks used in the Farmers Company business were on occasion delivered by Billie Sol Estes Enterprises tractors and semi-trailers and on other occasions by Superior Manufacturing Company's tractors and semi-trailers, but I wish to state and make it clearly understood that the delivery of these tanks in no way concerned any acknowledgements made by me to individual farmers of tanks received for their account.

"I wish to state that I was advised by my Pecos headquarters that any inquiries received from persons representing

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themselves as person connected with finance companies were to be referred to Pecos for answer.

"In connection with my operation of the fictitious company known as the Dan Daniel Chemical Company of Fabens, Texas, I wish to state that I received instructions by letter from time to time that a particular individual farmer would be the subject on inquiries of a credit nature from finance companies and that any such inquiries received were to be the subject of an immediate telephone conversation by me with [redacted] I did receive such inquiries in the mail from various finance companies and acting on the above instructions I would call [redacted] She would furnish me over the telephone with information as to the dollar amount of high credit, the unpaid balance if any, the number of years of business experience and the payment record. To cite a specific example on July 11, 1961, a letter was addressed to me on the stationery of Billie Sol Estes Enterprises which advised me as the Dan Daniel Chemical Company of Fabens, Texas, that the Dan Daniel Chemical Company had been listed as a credit reference for [redacted] and that there was no way of knowing from whom the credit inquiry would come, but that when received, I was to check with [redacted] before replying. By communication postmarked Los Angeles, California, August 16, 1961, I received an inquiry on [redacted] from the Pacific Finance Corporation of Los Angeles, California. I made the required telephone call and [redacted] advised me that I was to show his high credit for the year as \$6,489.20. I so answered the inquiry on the form enclosed by the Pacific Finance Corporation showing such a credit experience with [redacted] although I knew that as the Dan Daniel Chemical Company no such business experience had ever been had with [redacted] In connection with this same farmer, I received a credit inquiry from Walter E. Heller and Company from Chicago, Illinois through the mail in a letter postmarked November 27, 1961 at Chicago, Illinois. Again I called [redacted] and received instructions that I was to furnish the Heller Company with credit information

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as follows: that the Dan Daniel Chemical Company had done business with [redacted] since 1957, that his high credit had been \$6,489.20 on open account terms and that his payment record had been 'very good.' This was returned by mail to the Heller Company in Chicago on their form on November 29, 1961. I did this knowing full well that I, as the Dan Daniel Chemical Company had had no such credit experience with [redacted]

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"Subsequently by mail postmarked Lubbock, Texas, December 9, 1961, I received a similar credit inquiry from the Kuykendall Investment Company of Lubbock, Texas and this likewise was answered by me on December 11, 1961, as the Dan Daniel Chemical Company based on instructions from [redacted] to the effect that I had done business from 1956 to date with [redacted] that his high credit was \$6,489.20 and that his payments had always been prompt.

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"I wish to advise that I received a salary of \$600 per month as manager of the Farmers Company, part of the Billie Sol Estes Enterprises, until approximately six months ago when I was raised to \$650 a month. In addition to this remuneration, I received a bonus at Christmas of 1961 of \$1,000. I consider that my work with the Farmers Company fully justified the payment of this salary and bonus and want to further state that I received no extra remuneration of any kind for any of the other acts I performed on the instructions of those in authority at the Billie Sol Estes Enterprises. I did these other acts as I have stated because in spite of any doubts I may have had, I felt I had to keep my job and the salary it represented.

"I have read this statement consisting of this page and 5 other pages. I acknowledge it to be true.

"/s/ Robert Thurman Daniel

"Witnesses"

"/s/ Richard H. Picken, Special Agent, FBI, El Paso.
"/s/ Jack C. Spencer " " " " "

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The following is a physical description obtained from observation and interrogation:

Name	ROBERT THURMAN DANIEL, aka Dan Daniel
Age	51
Born	July 27, 1910, Fannin County, Texas
Height	5'11"
Weight	172 lbs.
Eyes	Light brown (hazel)
Hair	Gray, wavy
Build	Medium
Complexion	Ruddy
Peculiarities	Flushes quite readily and perspires profusely about the face and hands when agitated,
Marital status	Married
Wife	ROSELIND KNOWLES DANIEL

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Occupation	Branch manager, Farmers Company, Fabens, Texas
Residence address	1044 Pinkerton Street, Fabens, Texas
Telephone number	Residence - Roger 4-2337 Business - Roger 4-3641

FEDERAL BUREAU OF INVESTIGATION

Date April 4, 1962

[redacted] advised
that he has been employed by the Billie Sol Estes Enterprises, Pecos, Texas, [redacted]

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He stated beginning sometime during the early part of 1961, he remembers specifically on two different occasions, he received orders from Mr. ESTES through CHUCK WESSON to change serial plates on certain anhydrous ammonia tanks which were located on the immediate premises. He stated he was given no reason for changing of the serial plates and that after changing the plates, he would paint the new plates with white paint to match the tank color.

He advised that the new plates he placed on these tanks were acquired from a work room in the offices of Billie Sol Estes Enterprises, and evidently the serial numbers had been placed on these individual plates in that work room. He stated several shipments of blank serial number plates had been shipped from Superior Manufacturing Company, Amarillo, Texas, to Farmers Company, Pecos, Texas, and were received, he believes, sometime in the early part of 1961.

He stated the old serial plates on the tanks mentioned above were on the tanks when they arrived from the manufacturer. He stated he changed serial plates on tanks of five-hundred and one-thousand gallon capacities, which were for storage of anhydrous ammonia, as well as on tanks of five-hundred gallon capacity which were lined with rubber and intended to store material with acid content.

He stated he did not complete the plates he interchanged on the tanks and has no knowledge as to the identity of the individual who is responsible for placing serial numbers on the blank plates.

On 3/31/62 at Pecos, Texas File # EP 29-351
by SA EDWARD JOSEPH MURPHY and
SA [redacted] /bg Date dictated 4/3/62

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FEDERAL BUREAU OF INVESTIGATION

Date April 5, 1962

On vacant property located immediately adjacent to the Fabens, Texas, Airport, with access from the bypass road to the Fabens entrance to Interstate 10 Freeway, a physical examination of the following anhydrous ammonia and liquid chemical tanks was made:

<u>Serial Number</u>	<u>Capacity</u>	<u>Type</u>
S64043	1000 gallons	Anhydrous ammonia trailer mounted
S64044	"	"
S64045	"	"
S24963	"	"
S64047	"	"
S24921	"	"
S64070	"	"
S64069	"	"
S24964	"	"
S64068	"	"
S24877	"	"
S64067	"	"
S24887	"	"
S64066	"	"
S24884	"	"
S64065	"	"
S64064	"	"
S64061	"	"
S64062	"	"
S64059	"	"
S24873	"	"
S64057	"	"
S24954	"	"
S24939	"	"
S64056	"	"
S64055	"	"
S24961	"	"
S24959	"	"

On 4/1/62 at Fabens, Texas File # EP 29-351

by ASAC JACK C. SPENCER / clp Date dictated 4/4/62
SA RICHARD H. PICKEN

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<u>Serial Number</u>	<u>Capacity</u>	<u>Type</u>
S64054	1000 gallons	Anhydrous ammonia trailer mounted
S64053	"	"
S64051	"	"
S24951	"	"
S24896	"	"
S64049	"	"
S24870	"	"
S64046	"	"
S24910	"	"
S24853	"	"
S64041	"	"
S64042	"	"
S4582	1000 gallons	Anhydrous ammonia unmounted tanks
S4581	"	"
S4577	"	"
S4578	"	"
S4602	"	"
S4596	"	"
S5051	"	"
S4599	"	"
3330	500 gallons	Liquid fertilizer and/or chemical skid mounted tank
P2059907	"	"
No Serial Number	"	"
AC2150	"	"
AC2745	"	"
AC2935	"	"
39442	"	"
P205988	"	"
3307	"	"
3325	"	"

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<u>Serial Number</u>	<u>Capacity</u>	<u>Type</u>
AC2744	500 gallons	Liquid fertilizer and/or chemical trailer mounted tank
No Serial Number	"	"
No Serial Number	"	"
No Serial Number	"	"
AC2155	"	"
No Serial Number	"	"
No Serial Number	"	"
No Serial Number	"	"
No Serial Number	"	"

On the same day an inspection of anhydrous ammonia tanks of types similar to those listed above was made at the Fabens Railway Station yard, a portion of which is leased by the Farmers Company of Fabens, Texas, one of the Billie Sol Estes Enterprise Companies. In connection with this inspection it was not possible due to circumstances to climb upon these tanks in order to make an inspection and list serial numbers, consequently, only a number count of the various types was made. There were observed and counted in the above-mentioned railway yard thirty-four 1000 gallon anhydrous ammonia trailer mounted tanks, five 500 gallon anhydrous ammonia trailer mounted tanks, and fifteen 500 gallon liquid fertilizer and/or chemical trailer mounted tanks.

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VII. FINDERS OR SOLICITORS

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1.	[REDACTED]	Texas	197
2.	GEORGE A. KRUTILEK, El Paso, Texas . . .	200	b6 b7C

FEDERAL BUREAU OF INVESTIGATION

Date April 11, 1962

[redacted]
 [redacted] Texas, [redacted]
 [redacted] Texas, advised that he has been acquainted
 with BILLIE SOL ESTES since 1953.

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ESTES, in 1953, [redacted]

Mr. ESTES
 [redacted]b6
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[redacted] advised that since that time he has loaned money to BILLIE SOL ESTES various times. Some of the loans were not secured. ESTES has been as much as a year and one-half delinquent on a particular loan. Each time that [redacted] has contacted ESTES about the loan, ESTES immediately obtained the money and paid the amount due on the loan.

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[redacted] advised that he recalls that ESTES called him during the early part of October, 1961. ESTES asked if [redacted] his associates. [redacted] told ESTES that he did know them. ESTES asked [redacted] to ask the [redacted] people if they would be interested in talking with ESTES about their purchasing some fertilizer tanks. It would be an arrangement where they could make some money.

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ESTES told [redacted] that he always paid ten per cent to purchasers of the tanks. He advised that if [redacted] contacted [redacted] and his associates, and they later bought some tanks, he, ESTES would pay them nine per cent with one per cent going to [redacted]

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[redacted] advised that he did discuss this matter with [redacted] Both of these men advised that they would be interested in talking with ESTES about his deal to purchase fertilizer tanks.

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On 4/9/62 at [redacted] Texas File # EP 29-351
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SA WILLIAM B. ANDERS/bg 197 Date dictated 4/9/62
 by

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[redacted] told them that he did not see how ESTES could have a fool proof deal where a person could sign a mortgage and still not be liable for the amount of the mortgage. [redacted] that he did not know much about the fertilizer business so did not know exactly how the deal was to work.

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[redacted] advised that when [redacted] said they would talk with ESTES, he called ESTES. ESTES then came to Midland the same day to talk with [redacted]

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[redacted] advised that at the outset of the conversation, ESTES told [redacted] that he wanted [redacted] to receive one per cent of the ten per cent that would normally go to them as purchasers of the tanks. Both [redacted] said that this was agreeable with them. ESTES told [redacted] that if these gentlemen made any later purchases of tanks, [redacted] would not get a split of the later purchases.

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[redacted] advised that as he recalls, ESTES talked with [redacted] in their offices in Midland for about thirty minutes. He explained to them that they would buy the tanks and he, ESTES, would then lease the tanks for an amount equal to the monthly payment called for on the note. ESTES also was to make the down payment on the tanks. He also told them that the tank company would write them a letter explaining that the tank company would take back the tanks for the unpaid balance owed if ESTES should at any time default on the lease agreement.

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[redacted] advised that [redacted] told ESTES that they would look into the deal. [redacted] advised that he then went to California, on a mining deal that he has there.

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[redacted] advised that after he returned from California, [redacted] ESTES, gave him a check for \$11,600, which he said represented the one per cent that [redacted] had coming on the [redacted] deal.

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[redacted] advised that he told [redacted] as well as other people that he knew, that BILLIE SOL ESTES handled a lot of money. [redacted] pointed out to all of them that although ESTES handled large amounts of money, he had never seen a statement showing his net worth, so [redacted] did not know how much money BILLIE SOL ESTES owed.

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[redacted] advised that he most certainly expected [redacted] and his associates to thoroughly check the ESTES deal before becoming a party to it. [redacted] further advised that he told [redacted] that he had always found BILLIE SOL ESTES to be honest in his dealings.

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[redacted] advised that he did not talk with anyone else concerning ESTES plan to sell fertilizer tanks.

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FEDERAL BUREAU OF INVESTIGATION

Date April 5, 1962

Mr. GEORGE ANDREW KRUTILEK personally appeared for interview at the El Paso Office of the FBI. At the outset of the interview he was advised of the identities of JACK C. SPENCER and EDWARD JOSEPH MURPHY as Special Agents of the Federal Bureau of Investigation. He was advised that any information he chose to give would be entirely voluntarily and could be used against him in a court of law. He was told that he had the right to consult an attorney of his own choice if he so desired. He was advised and he acknowledged that he fully understood that no threats or promises had been made to induce him to make any statement.

He stated that he was a long-time resident of El Paso and a graduate of high school and college, both in El Paso. He said that his business consisted of keeping books and records and filing Federal income tax returns for farmers in El Paso, Hudspeth, Culberson, and Reeves Counties. He said that he had specialized in this type of work for approximately twenty-five years. Mr. KRUTILEK claimed that he first became acquainted with a plan involving the purchase of anhydrous ammonia tanks when he was keeping the books of the W. J. Worsham Enterprises of Pecos, Texas. He said that this would have been sometime in the late fall of 1959. In conversation with [redacted] and his employees he said that he learned that BILLIE SOL ESTES needed anhydrous ammonia tanks, that he had reached the limit of his own credit, and as a result proposed to use the credit of farmers toward the purchase of tanks. He further said that his understanding of the plan pieced together by the above-mentioned conversations was that BILLIE SOL ESTES would agree to lease as many tanks from an individual farmer as that farmer's credit standing would enable him to buy from the Superior Manufacturing Company of Amarillo, Texas; that BILLIE SOL ESTES would provide the funds necessary to cover a down payment on the tanks purchased by a farmer

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b7COn 4/2/62 at El Paso, Texas File # EP 29-351by ASAC JACK C. SPENCER / clp 200 Date dictated 4/4/62
SA EDWARD JOSEPH MURPHY

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and, in addition, would pay the farmer an amount approximately ten per cent of the amount financed by the farmer on the tank purchase. He stated that this would approximate roughly eighty per cent of any particular deal involved. He advised that he learned that the lease agreement executed by BILLIE SOL ESTES with the farmer purchasing tanks agreed to pay the farmer a sum equal to the monthly payments which would be due on the unpaid balance owing on the tanks and further that such lease payments would be made ahead of the time the farmer's payment would be due to the finance company. He further advised that this lease agreement contained a provision that with the payment of "1.00 and other considerations" the title to the tank would revert to BILLIE SOL ESTES on the completion of the payments owed by the farmer.

Mr. KRUTILEK stated that it was his further understanding that the operation of this plan would include a tax savings to both the farmer and BILLIE SOL ESTES. He explained his understanding of the tax saving as follows:

The farmer would be entitled as the owner of the tanks to take a depreciation allowance on each tank over an agreed period as to the life of such an asset and that this depreciation allowance would be deductible from the farmer's income thus representing a tax saving to the farmer in addition to the amount he would receive from BILLIE SOL ESTES for the use of his credit. With respect to BILLIE SOL ESTES, the tax saving would be the expense of the lease of each tank by BILLIE SOL ESTES from the farmer which could be deducted from the BILLIE SOL ESTES Enterprises' income as a direct operating expense. He said that as a bookkeeper and as a person having filed income tax returns for others he was interested to determine if this plan was legal and as a consequence discussed it with [redacted] Internal Revenue Service stationed at Pecos, Texas. According to Mr. KRUTILEK [redacted] advised him that it was perfectly legal for both the farmer to take depreciation and BILLIE SOL

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ESTES to take the lease payments as an operating expense and for both to deduct these items from their income. Mr. KRUTILEK said that because many of the farmers, including the above-mentioned W. J. Worsham Enterprises at Pecos, Texas, whose books he kept, were interested in and/or made deals of the above-mentioned nature with the Billie Sol Estes Enterprises, his work was greatly increased. He explained this by stating that it was necessary for him to make a good many extra financial statements at times which he would not normally be preparing them for tax purposes and do other bookkeeping work which was not done by him in the normal course of his business. He felt he was entitled to additional money to recompense him for his services and in some cases for out-of-the-pocket expenses for supplies and such things as telephone and mailing costs. Consequently, he said he approached both the farmer and BILLIE SOL ESTES in an effort to get reimbursed. In the case of [redacted] Mr. KRUTILEK stated he finally received a check for \$500 from BILLIE SOL ESTES with a note attached to the check indicating that [redacted] had agreed to pay him \$250 and he (BILLIE SOL ESTES) was adding \$250, making up the total of \$500 to recompense Mr. KRUTILEK for extra work.

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He recalled that the following individuals whose books he kept were involved with BILLIE SOL ESTES in the purchase of tanks:

[redacted]

[redacted] Texas.

[redacted]

Texas.

Texas.

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Texas.

JIM MC CORMAC of El Paso, Texas.

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With respect to the above individuals Mr. KRUTILEK refused to state whether he had introduced the subject of the BILLIE SOL ESTES tank deal to his clients and responded to the question that it was common knowledge that such a deal existed among all of the farmers in this West Texas area and because of his relationship as a bookkeeper they naturally asked him questions about it which he answered to the best of his knowledge. He stated that any questions he was unable to answer were handled by him with the suggestion that they get in touch with BILLIE SOL ESTES direct. He said that in the acceptance of tank deals with BILLIE SOL ESTES by the above-mentioned individuals his work had greatly increased and as a result he asked for and obtained money for this extra time and expense from the Billie Sol Estes Company. He refused to say how much he received and denied that there was any percentage or fixed amount involved. He denied that he was in any way a salesman for or an agent for BILLIE SOL ESTES in negotiating tank deals.

When specifically asked he admitted that he had taken chattel mortgage papers, a promissory note, and other papers, not specified, to GENE WELLS of Sierra Blanca, Texas, for the purpose of having GENE WELLS negotiate the purchase of anhydrous ammonia tanks from Superior Manufacturing Company of Amarillo, Texas, which tanks were to be leased to BILLIE SOL ESTES. He was vague as to why he was chosen to conduct this negotiation and finally declined to answer any further questions, stating that he desired to consult an attorney before so doing. He said that after consulting an attorney for advice he would recontact the FBI Office for the purpose of giving additional information and possibly a signed statement. He had not recontacted the FBI Office as of April 4, 1962.

The following is a description obtained from observation and interrogation:

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George Krutilek

Name	GEORGE ANDREW KRUTILEK
Age	49 or 51
Born	<u>October 30, 1910 or</u> <u>October 30, 1912 at Alma, Texas</u> (Mr. KRUTILEK said he had never resolved the difference in birth dates occasioned by disagreements as to this date on the part of members of his family now deceased.)
Height	5'9 $\frac{1}{2}$ "
Weight	205 lbs.
Build	Heavy, stocky
Eyes	Blue - green
Hair	Gray, butch cut, partially bald
Marital status	Married
Wife	MARJORIE WILLIAMS KRUTILEK

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Occupation	Bookkeeper
Residence address	<u>4920 Chesterfield</u> <i>El Paso, Texas</i>
Telephone	Logan 5-1573 (Business is operated from residence).

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VIII. INTERVIEWS WITH EMPLOYEES OF ESTES

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1. [REDACTED]	206
2. [REDACTED]	210
3. CHARLES M. WESSON, Manager, Farmers Company, Pecos, Texas	211

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FEDERAL BUREAU OF INVESTIGATION

Date April 9, 1962

Special Agents [redacted]

contacted [redacted] at the office facilities of Billie Sol Estes Enterprises at 5:15 PM and requested an interview with her. At that time she demanded to know if the Agents intended to arrest her and she was informed that the agents did not have a warrant for her arrest. At that time she followed the Agents in her personal automobile to the U. S. Post Office Building. The following interview occurred in the U. S. Marshal's Office in that building.

At the beginning of the interview, Special Agents [redacted] identified themselves as Special Agents of the Federal Bureau of Investigation and advised [redacted] that she did not have to make any statement but that any statement she made could be used against her in a court of law. She was advised that she could consult an attorney at any time she desired. No threats or promises were made to induce her to give any information. She stated that she was willing to answer any questions.

At that time she furnished the following description of herself: [redacted]

Name	[redacted]
Race	White
Sex	Female
Height	5'9"
Weight	110 pounds
Eyes	Hazel
Hair	Reddish-brown

[redacted] Texas

[redacted] Texas

Scars and marks [redacted]

On 4/4/62 at Pecos, Texas File # EP 29-351

by SA [redacted] jcs Date dictated 4/6/62

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At this point in the interview, [redacted] [redacted] appeared in the office and advised [redacted] to give only her "name, rank, and serial number" to the interviewing Agents. [redacted] stated that he represented [redacted] and would not allow her to answer any questions for the FBI until he conferred with her.

[redacted] affirmed that [redacted] and stated that she would rely on his advice as to whether or not she should answer any questions.

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The interview was terminated at that point.

FEDERAL BUREAU OF INVESTIGATION

Date April 9, 1962

At 5:54 PM, Special Agents [redacted]
 [redacted] were conducting an interview with [redacted]
 [redacted] in the U. S. Marshal's Office, U. S. Post Office
 Building, when [redacted] appeared and stated
 [redacted]

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He inquired as to the nature of the interview and whether [redacted] had been advised of her rights. It was explained to him that the interview concerned [redacted] knowledge of the affairs pertaining to charges previously preferred against BILLIE SOL ESTES. [redacted] explained to him that the interviewing Agents had advised her that she would not have to answer any questions, that she had the right to consult an attorney, and that she could leave at any time she desired.

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[redacted] stated that he could not consent to his client being interviewed until he had an opportunity to confer with her. He stated also that there was a possibility that he would not consent to his clients being interviewed unless he could be present during that interview. He stated in any event, he would notify the Agents at 7:00 PM of his decision in this matter.

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At 7:00 PM, [redacted] telephoned Special Agent [redacted] at the U. S. Marshal's Office and stated that he had no objection to [redacted] submitting to an interview with FBI Agents providing he could be present. He stated also that that condition would apply to any employee of Mr. BILLIE SOL ESTES and that he represented all of these employees. He stated this was specifically true in the case of [redacted] with whom an interview was contemplated.

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[redacted] was advised that an interview with [redacted] was desired by the FBI but that no conditions to the interview would be accepted and that no interview of these or other persons would be conducted in

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On 4/4/62 at Pecos, Texas File # EP 29-351
 by SA [redacted] / jcs Date dictated 4/6/62

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his presence. It was explained to [redacted] that his position in this matter would be made a matter of record.

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FEDERAL BUREAU OF INVESTIGATION

Date April 9, 1962

At approximately 6:12 PM, Special Agents [redacted]
[redacted] encountered [redacted]

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[redacted] in the lobby of the U. S. Post Office Building. It was explained to [redacted] that an interview with him was contemplated by the FBI and he was requested to make an appointment with the above named Agents for that purpose. [redacted] stated that he had just returned to Pecos from out of town and if interviewed would prefer to be interviewed the following morning and a tentative appointment for 7:00 AM was arranged with [redacted]. [redacted] stated, however, that he would contact [redacted] for advice concerning the contemplated interview and would abide by any advice received.

Inasmuch as [redacted] subsequently on that date advised he would consent to his clients being interviewed only if he were present, [redacted] was not again contacted.

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On 4/4/62 at Pecos, Texas File #EP 29-351
by SA [redacted] / jcs Date dictated 4/6/62

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FEDERAL BUREAU OF INVESTIGATION

Date April 10, 1962

CHARLES MILTON WESSON was interviewed at the El Paso FBI Office, at which time he was advised of the identity of RICHARD H. PICKEN as a Special Agent of the FBI. Mr. WESSON was advised that he did not have to make any statement and that any statement he did make could be used against him in a court of law. No threats, promises of reward or other inducements were made to Mr. WESSON in order to obtain information from him. He was advised that he had the right to consult an attorney at any time in this matter.

Mr. WESSON furnished the following signed statement:

"April 3, 1962

El Paso, Texas

C.M. Wesson

"I, CHARLES MILTON ~~WESSON~~, make the following voluntary statement to RICHARD H. PICKEN, who has identified himself to me as a Special Agent of the Federal Bureau of Investigation. I have been advised that I do not have to make any statement and that any statement I do make can be used against me in a court of law. No threats, promises of reward or other inducements have been made to me in order to obtain this statement. I have been advised that I have the right to talk with a lawyer at any time.

"I was born on November 8, 1909 at Salt Lake City, Utah. I have a high school education and I reside at 514 Ross Boulevard in Pecos, Texas.

New Mexico

"In May of 1958 I was employed by BILLIE SOL ESTES of Pecos, Texas, to manage the Farmers Company in Pecos. The address of this company is P. O. Box 1052, Pecos, Texas. I was aware at that time that this company is one of the business ventures of the Billie Sol Estes Enterprises. My duties as the manager of this company were to handle the selling and distribution of various insecticides and fertilizers and my territory covered Pecos, Fabens, Anthony, Texas, and

On 4/3/62 at El Paso, Texas File # EP 29-351

by SA RICHARD H. PICKEN/jlk Date dictated 4/6/62

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Las Cruces, New Mexico. At that time and even subsequent to that time I had control of as many as about 500 anhydrous ammonia tanks to be distributed wherever the demand dictated. Almost all of these tanks were manufactured by the Superior Manufacturing Company of Amarillo, Texas. At that time, that is in 1958, I was not aware of any purchase contracts entered into by farmers wherein they purchased anhydrous ammonia tanks from Superior Manufacturing Company. I might state that at no time right up to the present time was I aware that BILLIE SOL ESTES was an owner or in any way controlled the Superior Manufacturing Company in Amarillo. I was hired and paid a salary of \$1,000 per month, which is the same salary that I am presently receiving from the Farmers Company in Pecos. My office is located in the same building occupied by BILLIE SOL's office as well as other offices which constitute the Billie Sol Estes Enterprises in Pecos, Texas.

"In the winter of 1961 I became aware that Billie Sol Estes Enterprises were going into the handling of anhydrous ammonia tanks on a real big scale since I received in my office a large number of serial number plates. I did see in fact that there were several hundred such plates, and these plates came from the Superior Manufacturing Company of Amarillo, Texas. Some of these plates had no serial numbers on them and some had serial numbers on them. I asked BILLIE SOL what these serial number plates were for and he said, 'When the time comes I'll tell you.' Right then and there I suspected that there was something phony going on. At about this same time I felt that I was getting mixed up in something that was not right since BILLIE SOL was clamping up with me and not answering my questions that I thought should be answered. Because of my feelings, I tendered my resignation to Billie Sol Estes Enterprises.

[redacted] This notification reached BILLIE SOL, BILLIE SOL called me in and told me he didn't want me to resign and that if there was any firing to be done, he would do it. In effect, he just laughed off my resignation. Therefore, I decided to stay on with BILLIE SOL.

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"Roughly a year ago I heard from several farmers in the Reeves County area that BILLIE SOL had made them a proposition whereby the individual farmer would enter a purchase contract agreement with Superior Manufacturing Company of Amarillo, Texas, and that the farmer would in effect by purchasing a certain number of anhydrous ammonia tanks manufactured by Superior. The other conditions of the deal were that BILLIE SOL, after obtaining the

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farmer's promissory note ad chattel mortgage, would lease these tanks from the purchaser for use of the Billie Sol Estes Enterprises. I also found out that these farmers who purchased the tanks were to receive a commission from BILLIE SOL to the extent of about 10% of the purchase price of the tanks. I also knew that these contracts, promissory notes, and mortgages were being sold to various large finance companies inside and outside the state of Texas. About 18 months ago, BILLIE SOL had a conversation with me and told me that he wanted to put on these serial number plates on many of the tanks already in existence since some of these tanks had depreciated out and this way he could still have plenty of tanks on which to claim a depreciation allowance which would be of benefit from an income tax standpoint. I told him, since I knew that the tanks in question were not five years old, that he'd never get away with this. He made no statement in reply but merely clammed up.

"I would say that I have seen roughly as many as 12,000 serial number plates at one time or another in the offices of Billie Sol Estes Enterprises in Pecos. In about February or March, 1961, I was told by BILLIE SOL that he wanted as many serial numbers changed on the various tanks in my area as possible as he felt that someone would soon be coming to check these serial numbers. Mr. HAROLD ORR of the Superior Manufacturing Company, Amarillo, Texas, called me and stated that he was sending two men to assist me in the changing of these serial numbers by changing the serial number plates. Two of ORR's men did arrive in Pecos with both serial number plates and with dies to use in putting numbers on blank plates. I recall seeing ORR's men change serial number plates and put on new numbers at a farm near Pecos, Texas. I know that many, many numbers were changed by these men. The next day or two, a representative from C.I.T. out of New York was conducted by me in Pecos, and in Fabens, Texas, to where these various tanks were so that he could inspect serial numbers. This representative from C.I.T. was introduced to me by BILLIE SOL ESTES and it was at BILLIE SOL's direction that I made the rounds with this representative for inspection,

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"Concerning these serial number plates, and while we're on the subject, I want to state that about two weeks ago

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in BILLIE SOL's offices in Pecos, BILLIE told me that he wanted to have about 400 serial numbers on tanks changed. I told him I wouldn't do it and he said, 'I'll get somebody else to.'

"Now with respect to my exact participation in the paper transactions involved in the ammonia tank deals, I will state as follows:

"On at least 60 or 70 occasions I would receive credit reference memos from financial companies both in and out of the state of Texas requesting the credit data of a particular farmer who had purchased ammonia tanks from Superior Manufacturing Company. I had been advised before this by BILLIE SOL that these credit inquiries would be forthcoming and that when they came, I was to do nothing insofar as answering these inquiries until I had checked with BILLIE SOL's office for whatever credit data he desired the finance company to have. In one instance I received a memo dated July 5, 1961, from BILLIE SOL ESTES giving the names of many ammonia tank purchasers who have listed the Farmers Company as a credit reference. In this memo BILLIE SOL stated that there is no way of knowing from whom the actual inquiries would come but when the inquiries were received, please check with [redacted] of this office before replying. I can state that by this time, particularly since some farmers had inquired about their tanks, I had a pretty good idea that the tanks allegedly sold under these contracts were not all in existence. I also received a countless number of letters addressed to me stating that various farmers had either just leased many ammonia tanks or just bought many ammonia tanks and stating that these tanks were being financed through a particular finance company. The serial numbers for the tanks were stated in the letters. These letters all directed me to take delivery of these tanks and to operate the equipment as discussed. To my knowledge I never signed any letter out of my office acknowledging the receipt or delivery of so much as one tank, nor did I actually receive any of the tanks referred to by these farmers in their letters. I do recall that a Mr. ROBERT THURMAN DANIEL, who was handling the Dan Daniel Chemical Company, as well as the Farmers Company in Fabens, Texas, had shown me a letter wherein he acknowledged delivery and receipt of some ammonia tanks. This did not look right to me and I asked him about it. He stated that he did not receive

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the tanks but that he was doing this on orders from headquarters. On numerous occasions pursuant to instructions from Billie Sol Estes I did receive a credit reference inquiry from a finance company (I can remember the name of Pacific Finance Corporation of Los Angeles, California) and I did one of two things with the credit data sheet; either I would sign the sheet in blank and sent it over to Billie Sol's office so that they could fill in whatever figures they wanted to or I would call Billie Sol's office, they would sent me whatever figures they desired, and I would set these figures out on the inquiry, sign it, using the name C. M. Wesson, and mail it to the inquiring finance company. I can specifically recall mailing some of these inquiries back to Pacific Finance Corporation, Los Angeles, California, and I can recall giving Pacific Finance this information over the phone. I am sure that I sent out these inquiries over my signature to many finance companies located both in and out of the state of Texas. I knew that I was certifying to a falsehood since I had no idea as to the accuracy of the figures going out over my signature. I asked no more questions as I acted strictly on the instructions of Billie Sol Estes. On this date, April 3, 1962, I am turning over to Special Agent Picken numerous documents relating to the ammonia tank transactions.

"I have read this statement containing this page & four pages & the entire statement is true & correct.

"/s/ Charles Milton Wesson

"Witnesses"

"/s/ Richard H. Picken, Special Agent, FBI,
El Paso, Tex.

"/s/ Jack C. Spencer, Special Agent, FBI, El Paso, Tex."

The following is a physical description of WESSON as obtained through observation and interview:

Race	White
Sex	Male
Nationality	American
Born	November 8, 1909, at Salt Lake City, Utah

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Height	5'9"
Weight	175 pounds
Eyes	Blue
Hair	Brown, partially bald in front
Complexion	Fair
Build	Heavy
Residence	514 Ross Boulevard, Pecos, Texas
Occupation	General Manager of the Farmers Company, Pecos, Texas

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IX. PROSECUTIVE ACTION

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PROSECUTIVE ACTION

The complaint filed in this matter was authorized
March 29, 1962, by Assistant United States Attorney [redacted]
[redacted] and filed the same date by Special Agent [redacted]
before Acting United States Commissioner [redacted] at
El Paso charging ESTES, MC SPADDEN, ORR and ALEXANDER with
conspiring to violate the Interstate Transportation of Stolen
Property Statute (Section 2314, Title 18, United States Code).
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Subsequently, on the evening of March 29, 1962,
Bureau Agents arrested ESTES at Pecos, Texas; MC SPADDEN at
Lubbock, Texas; and ORR and ALEXANDER at Amarillo, Texas.
All four subjects currently free on bond.

A Federal Grand Jury at El Paso on April 3, 4, and
5, 1962, heard testimony in this case and on April 5, 1962,
returned a True Bill of Indictment against BILLIE SOL ESTES,
COLEMAN MC SPADDEN, RUEL ALEXANDER, HAROLD ORR, and the
Superior Manufacturing Company which reads as follows:

"IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF TEXAS

EL PASO DIVISION

UNITED STATES OF AMERICA

-vs-

BILLIE SOL ESTES
COLEMAN McSPADDEN,
RUEL ALEXANDER,
HAROLD ORR and
SUPERIOR MANUFACTURING COMPANY

No. _____ Criminal

FIRST COUNT
(18 U. S. C. § 1341)

THE GRAND JURY CHARGES:

1. That prior to the 1st day of January, 1960, and continuing thereafter until on or about March 5, 1962, BILLIE SOL ESTES, COLEMAN McSPADDEN, RUEL ALEXANDER and HAROLD ORR devised and intended to devise a scheme and artifice to defraud approximately 100 persons; exact number being to your Grand Jurors unknown, in the State of Texas, including persons in the El Paso and Pecos Divisions of the Western District of Texas, and to obtain money and property by means of the following false pretenses, representations and promises, well knowing at the time that the pretenses, representations and promises would be false when made: Said scheme and artifice to defraud being to obtain promissory notes and chattel mortgages from such persons by representing, pretending, and promising that the Superior Manufacturing Company of Amarillo, Texas, and the Lubbock Machine and Supply Company, of Lubbock, Texas, had manufactured or were in the process of manufacturing and would sell numerous specific anhydrous ammonia, acid storage and propane tanks, and other equipment, to such persons, and that such persons did actually contract to buy said specific tanks by the execution of promissory notes and chattel mortgages on said tanks, and other equipment, and that defendants would lease back said tanks, and other equipment, from such purchasers, and that said specific tanks would be and were actually delivered to certain companies or agents for the defendants-lessors, and that said specific tanks would be located in specific counties for inspection should the defendants default on making payments under said leases.

2. That on or about December 27, 1961, in Reeves County, Texas, within the Pecos Division of the Western District of Texas, BILLIE SOL ESTES, for the purpose of executing the aforesaid scheme and artifice and attempting to do so, caused to be placed in an authorized depository for mail matter a letter, with enclosures, addressed to J. J.

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Taber, Post Office Box 644, Van Horn, Texas, to be sent and delivered by the Post Office Department of the United States, which said letter, with enclosures, was received by J. J. Taber in Van Horn, Texas, within the El Paso Division of the Western District of Texas.

SECOND COUNT
(18 U. S. C. § 1341)

1. The Grand Jury realleges all of the allegations of the First Count of this indictment except those contained in the last paragraph thereof.

2. That on or about January 26, 1962, in Reeves County, Texas, within the Pecos Division of the Western District of Texas, BILLIE SOL ESTES, for the purpose of executing the aforesaid scheme and artifice and attempting to do so, caused to be placed in an authorized depository for mail matter a letter, with enclosures, addressed to Gene Wells, Post Office Box 277, Sierra Blanca, Texas, to be sent and delivered by the Post Office Department of the United States, which said letter, with enclosures, was received by Gene Wells in Sierra Blanca, Texas, within the El Paso Division of the Western District of Texas.

THIRD COUNT
(18 U. S. C. § 1341)

1. That prior to the 1st day of January, 1960, and continuing thereafter until on or about March 5, 1962, BILLIE SOL ESTES, COLEMAN McSPADDEN, RUEL ALEXANDER and HAROLD ORR devised and intended to devise a scheme and artifice to defraud the Pacific Finance Company of Los Angeles, California; Commercial Credit Corporation, Baltimore, Maryland; Pioneer Finance Company, Detroit, Michigan; Walter E. Heller and Company, Chicago, Illinois; Associates Investments, South Bend, Indiana; First Acceptance Corporation, Minneapolis, Minnesota; C. I. T. Corporation, New York, New York; Kuykendall Investment Company, Lubbock,

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Texas; Caprock Investment, Lubbock, Texas; and to obtain money and property by means of the following false and fraudulent pretenses, representations and promises, well knowing at the time that the pretenses, representations and promises would be false when made: Said scheme and artifice to defraud being to obtain money from such companies on the basis of representations, pretenses and promises that the Superior Manufacturing Company of Amarillo, Texas, and the Lubbock Machine and Supply Company of Lubbock, Texas, had actually manufactured and sold numerous specific anhydrous ammonia, acid storage and propane tanks, and other equipment, to persons residing in various West Texas counties and that bona fide chattel mortgages fully supported by existing anhydrous ammonia, acid storage and propane tanks, and other equipment, had been recorded in the counties of Reeves, Hale, Hudspeth, Lubbock, Deaf Smith, Pecos, Lamb, Hockley, Culberson, Dawson, Potter, El Paso and Midland, Texas, and that promissory notes in varying amounts had been obtained in a bona fide manner from the persons purchasing said tanks and that chattel mortgages had been obtained in a bona fide manner from the purchasers and that each and all of said chattel mortgages were fully supported by existing anhydrous ammonia, acid storage and propane tanks, and other equipment, and that the purchasers had actually done a substantial amount of business with various legitimate and substantial business concerns with whom good credit experience had actually been established.

2. That on or about July 11, 1961, in Reeves County, Texas, within the Pecos Division of the Western District of Texas, BILLIE SOL ESTES, for the purpose of executing the aforesaid scheme and artifice and attempting to do so, caused to be placed in an authorized depository for mail matter a letter addressed to Mr. Dan Daniel, Dan Daniel Chemical Company, Fabens, Texas, to be sent and delivered by the Post Office Department of the United States, which said letter was received by R. T. (Dan) Daniel in Fabens, Texas, within the El Paso Division of the Western District of Texas.

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FOURTH COUNT
(18 U. S. C. § 2314)

That on or about November 29, 1961, BILLIE SOL ESTES, HAROLD ORR, COLEMAN McSPADDEN and RUEL ALEXANDER, with unlawful and fraudulent intent, transported and caused to be transported, in interstate commerce, from the City of El Paso, El Paso County, Texas, within the El Paso Division of the Western District of Texas, to the City of Los Angeles in the State of California, a security of the value of more than \$5000.00, to wit, a combined promissory note and chattel mortgage, executed by Jim McCornac, in El Paso, Texas, dated November 21, 1961, payable to Superior Manufacturing Company, Amarillo, Texas, in the amount of \$59,520.00, and they each well knew said security to have been taken by fraud.

FIFTH COUNT
(18 U. S. C. § 2314)

That on or about October 18, 1961, BILLIE SOL ESTES, COLEMAN McSPADDEN, RUEL ALEXANDER and HAROLD ORR, with unlawful and fraudulent intent, transported and caused to be transported, in interstate commerce, from Sierra Blanca, Hudspeth County, Texas, within the El Paso Division of the Western District of Texas, to the City of Los Angeles, in the State of California, a security of the value of more than \$5000.00, to wit, a combined promissory note and chattel mortgage, executed by Gene Wells, in Sierra Blanca, Texas, dated October 13, 1961, payable to Superior Manufacturing Company, Amarillo, Texas, in the amount of \$78,864.00, and they each well knew said security to have been taken by fraud.

SIXTH COUNT
(18 U. S. C. § 371)

That prior to January 1, 1960, and continuing thereafter until on or about March 5, 1962, in the State of Texas,

including points in the El Paso and Pecos Divisions of the Western District of Texas, BILLIE SOL ESTES, COLEMAN McSPADDEN, RUEL ALEXANDER, HAROLD ORR and SUPERIOR MANUFACTURING COMPANY conspired, with unlawful and fraudulent intent, to commit the various offenses against the United States which are fully described and set out in the first five counts of this indictment, and to effect the object of their said conspiracy they did the following acts:

1. On or about October 5, 1960, BILLIE SOL ESTES met John P. Gallagher in Plainview, Texas.
2. On or about October 5, 1960, John P. Gallagher signed a promissory note for approximately \$29,250.00, payable to Lubbock Machine and Supply Company, and a chattel mortgage on 41 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment, in favor of Lubbock Machine and Supply Company.
3. On or about October 8, 1960, BILLIE SOL ESTES transported and caused to be transported the above note and chattel mortgage to First acceptance Corporation, Minneapolis, Minnesota.
4. On or about November 16, 1960, BILLIE SOL ESTES signed a promissory note in Pecos, Texas; for \$78,022.80, payable to Superior Manufacturing Company and Pacific Finance Loans, Los Angeles, California, and a chattel mortgage in favor of Superior Manufacturing Company covering 100 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment.
5. On or about November 23, 1960, BILLIE SOL ESTES signed a promissory note in Pecos, Texas; for \$178,400.00, payable to Superior Manufacturing Company and a chattel mortgage in favor of Superior Manufacturing Company covering 100

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Five Hundred Gallon Phosphoric Acid Tanks,
and other equipment.

6. On or about November 23, 1960, HAROLD ORR, then Vice President of Superior Manufacturing Company, signed the assignment of the above note and chattel mortgage to Pacific Finance Loans, Los Angeles, California.
7. On or about November 28, 1960, HAROLD ORR mailed the above contract to Pacific Finance Company, Los Angeles, California.
8. On or about December 7, 1960, COLEMAN McSPADDEN and RUEL ALEXANDER went to Pacific Finance Company, Los Angeles, California, and obtained from the Pacific Finance Company its check for \$178,400.00 covering the November 23, 1960 transaction, note and chattel mortgage signed by BILLIE SOL ESTES.
9. On or about November 21, 1960, Glenn Alexander, in Pecos, Texas, signed a promissory note in the amount of approximately \$49,920.00 payable to Superior Manufacturing Company, Amarillo, Texas, and executed a chattel mortgage on 64 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment in favor of Superior Manufacturing Company.
10. On or about November 23, 1960, BILLIE SOL ESTES caused the above promissory note and chattel mortgage to be transported to Pioneer Finance Company, Detroit, Michigan.
11. On or about December 1, 1960, Carroll A. Pendley signed in Lubbock, Texas, a promissory note in the amount of approximately \$75,520.08, payable

to the Superior Manufacturing Company, Amarillo, Texas, and Carroll A. Pendley executed one chattel mortgage in favor of Superior Manufacturing Company covering 82 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment.

12. On or about December 3, 1960, the above note and chattel mortgage were recorded in the office of the County Clerk of Lubbock County, Texas.
13. On or about December 5, 1960, the above note and chattel mortgage were transported and caused to be transported, from Lubbock, Texas, to Pacific Finance Company in Los Angeles, California, by COLEMAN McSPADDEN, HAROLD ORR and RUEL ALEXANDER.
14. On or about April 19, 1961, HAROLD ORR and COLEMAN McSPADDEN met with J. Roy Crutchfield in Amarillo, Texas.
15. On or about April 19, 1961, J. Roy Crutchfield, in Amarillo, Texas, signed a promissory note to Superior Manufacturing Company for approximately \$15,000.00 and a chattel mortgage covering specified equipment in favor of Superior Manufacturing Company.
16. On or about April 20, 1961, COLEMAN McSPADDEN and HAROLD ORR caused the above note and chattel mortgage to be transported from Amarillo, Texas, to C. I. T. Corporation, New York, New York.
17. On or about July 19, 1961, BILLIE SOL ESTES caused two promissory notes and two chattel mortgages to be brought to James McCormac in El Paso, Texas.

18. On or about July 19, 1961, in El Paso, Texas James McCormac signed a promissory note, payable to Commercial Credit Corporation, Baltimore, Maryland, in the amount of approximately \$124,425.60, and James McCormac executed a chattel mortgage in favor of Commercial Credit Corporation on 112 One Thousand Gallon Anhydrous Ammonia Tanks.
19. On or about July 21, 1961, the above note and chattel mortgage was transported and caused to be transported from El Paso, Texas, to Commercial Credit Corporation, Baltimore, Maryland.
20. On or about July 19, 1961, in El Paso, Texas, James McCormac signed a promissory note in the amount of \$140,736.00, payable to Superior Manufacturing Company and a chattel mortgage in favor of Superior Manufacturing Company covering 56 Five Hundred Gallon Anhydrous Ammonia Tanks and 41 One Thousand Gallon Anhydrous Ammonia Tanks and 3 Twelve Thousand Gallon Anhydrous Ammonia Tanks, and other equipment.
21. On or about July 20, 1961, HAROLD ORR, COLEMAN McSPADDEN, RUEL ALEXANDER and BILLIE SOL ESTES caused the above promissory note and chattel mortgage signed by James McCormac to be transported to Pacific Finance Company, Los Angeles, California.
22. On or about July 21, 1961, James McCormac signed a promissory note in the amount of \$82,680.00, payable to Superior Manufacturing Company, in El Paso, Texas, and a chattel mortgage in favor of Superior Manufacturing Company on 100 One-Thousand Gallon NH₃ Tanks

(Anhydrous Ammonia) and other equipment.

23. On or about July 23, 1961, BILLIE SOL ESTES, HAROLD ORR, RUEL ALEXANDER and COLEMAN McSPADDEN caused the above promissory note signed by James McCormac to be transported from El Paso, Texas, to Associates Investment Company, South Bend, Indiana.
24. On or about July 21, 1961, COLEMAN McSPADDEN met with John P. Gallagher on the latter's farm near Hereford, Texas.
25. On or about July 21, 1961, John P. Gallagher signed a promissory note for approximately \$107,880.00 payable to Superior Manufacturing Company and a chattel mortgage covering specified equipment in favor of Superior Manufacturing Company, Amarillo, Texas.
26. On or about July 23, 1961, COLEMAN McSPADDEN transported and caused to be transported the above note and chattel mortgage to Pacific Finance Company, Los Angeles, California.
27. On or about August 7, 1961, BILLIE SOL ESTES caused to be mailed a promissory note and a chattel mortgage to be brought to Jim McCormac, in El Paso, Texas.
28. On or about August 7, 1961, in El Paso, Texas, Jim McCormac signed the above promissory note, payable to Commercial Credit Corporation, Baltimore, Maryland, in the amount of \$113,100.00, and Jim McCormac executed the above chattel mortgage in favor of Commercial Credit Corporation on 141 One Thousand Gallon Anhydrous Ammonia Tanks, and other equipment.

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29. On or about August 10, 1961, the above note and chattel mortgage were transported and caused to be transported from El Paso, Texas, to the Commercial Credit Corporation, Baltimore, Maryland.
30. On or about September 22, 1961, BILLIE SOL ESTES signed a promissory note in Pecos, Texas, payable to Superior Manufacturing Company for approximately \$70,312.00, and executed a chattel mortgage in favor of Superior Manufacturing Company covering 4 Twelve Thousand Gallon Anhydrous Ammonia Tanks, 64 One Thousand Gallon Anhydrous Ammonia Tanks, and other equipment.
31. On or about September 22, 1961, the above chattel mortgage and note were filed with the County Clerk of Reeves County, Texas.
32. On or about September 23, 1961, COLEMAN McSPADDEN, RUEL ALEXANDER, and HAROLD ORR transported and caused to be transported the above chattel mortgage and promissory note to Pacific Finance Company, in Los Angeles, California.
33. On or about October 13, 1961, BILLIE SOL ESTES caused two promissory notes and two chattel mortgages to be brought to Sierra Blanca, Texas, to Gene Wells.
34. On or about October 13, 1961, in Sierra Blanca, Texas, Gene Wells signed one promissory note, payable to Superior Manufacturing Company, Amarillo, Texas, in the amount of \$78,864.00, and Gene Wells executed a chattel mortgage in favor of Superior Manufacturing Company on 100 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment.

35. On or about October 19, 1961, the above note and chattel mortgage were transported and caused to be transported from Sierra Blanca, Texas, to the Pacific Finance Company, Los Angeles, California.
36. On or about October 13, 1961, in Sierra Blanca, Texas, Gene Wells signed a promissory note, payable to Superior Manufacturing Company, in the amount of \$41,715.00, and Gene Wells executed a chattel mortgage in favor of Superior Manufacturing Company, covering 32 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment.
37. On or about October 15, 1961, the above note and chattel mortgage were transported and caused to be transported from Sierra Blanca, Texas, to the Pioneer Finance Company, Detroit, Michigan.
38. On or about November 20, 1961, in Van Horn, Texas, J. J. Taber signed one promissory note, payable to Walter E. Heller & Company, Chicago, Illinois, in the amount of \$109,705.80 and J. J. Taber executed a chattel mortgage in favor of Walter E. Heller & Company covering 196 One Thousand Gallon Propane Tanks and other equipment.
39. On or about November 22, 1961, the above note and chattel mortgage were transported and caused to be transported from Van Horn, Texas, to Walter E. Heller & Company, Chicago, Illinois.
40. On or about November 21, 1961, in El Paso, Texas, RUEL ALEXANDER and HAROLD ORR caused to be brought a note and chattel mortgage to El Paso, Texas, for the signature of James McCormac.

41. On or about November 21, 1961, in El Paso, Texas, James McCormac signed a promissory note, payable to Superior Manufacturing Company, in the amount of \$59,520.00, and a chattel mortgage in favor of the Superior Manufacturing Company on 64 Five Hundred Gallon Anhydrous Ammonia Tanks and 3 Five Thousand Gallon Anhydrous Ammonia Tanks and other equipment.
42. On or about November 29, 1961, HAROLD ORR caused the above note and chattel mortgage signed by James McCormac to be transported from El Paso, Texas, to Pacific Finance Company in Los Angeles, California.
43. On or about November 29, 1961, Carroll A. Pendley signed a promissory note in Lubbock, Texas, in the amount of approximately \$63,858.00, payable to the Superior Manufacturing Company, Amarillo, Texas, and one chattel mortgage in favor of Superior Manufacturing Company covering 46 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment.
44. On or about December 1, 1961, COLEMAN McSPADDEN, HAROLD ORR, and RUEL ALEXANDER transported and caused to be transported the above note and chattel mortgage from Lubbock, Texas, to Pacific Finance Company, in Los Angeles, California.
45. On or about December 2, 1961, BILLIE SOL ESTES caused a promissory note and a chattel mortgage to be brought to J. J. Taber, in Van Horn, Texas.
46. On or about December 2, 1961, in Van Horn, Texas, J. J. Taber signed a promissory note, payable to Lubbock Machine & Supply Company, in the

amount of \$48,230.40, and J. J. Taber executed a chattel mortgage in favor of Lubbock Machine & Supply Company covering 60 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment.

47. On or about December 7, 1961, the above note and chattel mortgage were transported and caused to be transported from Van Horn, Texas, to Associates Investment Company, South Bend, Indiana.
48. On or about December 27, 1961, BILLIE SOL ESTES mailed or caused to be mailed a promissory note and a chattel mortgage to be brought to J. J. Taber, in Van Horn, Texas.
49. On or about March 18, 1961, BILLIE SOL ESTES caused a promissory note and a chattel mortgage to be brought to Van Horn, Texas, to J. J. Taber.
50. On or about March 18, 1961, in Van Horn, Texas, J. J. Taber signed a promissory note, payable to C. I. T. Corporation, New York, New York, in the amount of \$48,640.00, and J. J. Taber executed a chattel mortgage in favor of C. I. T. Corporation covering 60 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment.
51. On or about March 21, 1961, the above note and chattel mortgage were transported and caused to be transported from Van Horn, Texas, to the C. I. T. Corporation, New York, New York.
52. On or about January 22, 1962, RUEL ALEXANDER, COLEMAN McSPADDEN, HAROLD ORR, and BILLIE SOL ESTES transported or caused to be transported from Midland County, Texas, a promissory note

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for \$255,860.00, payable to Superior Manufacturing Company, and a chattel mortgage in favor of the Superior Manufacturing Company, covering 108 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment to Los Angeles, California.

53. On or about January 22, 1962, RUEL ALEXANDER, COLEMAN McSPADDEN, HAROLD ORR, and BILLIE SOL ESTES transported or caused to be transported from Midland County, Texas, one promissory note in the amount of \$245,480, signed by Russell J. Ramsdell, and 1 chattel mortgage in favor of the Superior Manufacturing Company, covering 212 Five Hundred Gallon Anhydrous Ammonia Tanks and other equipment to Los Angeles, California.
54. On or about January 22, 1962, RUEL ALEXANDER, COLEMAN McSPADDEN, HAROLD ORR, and BILLIE SOL ESTES transported or caused to be transported from Midland County, Texas, one promissory note in the amount of \$378,750.00, signed by J. C. Barnes, Sr., and one chattel mortgage in favor of Superior Manufacturing Company, covering 300 One Thousand Gallon Tanks and 100 Five Hundred Thousand Gallon Anhydrous Ammonia Tanks and other equipment to Los Angeles, California.
55. On or about January 22, 1962, RUEL ALEXANDER, COLEMAN McSPADDEN, HAROLD ORR, and BILLIE SOL ESTES transported or caused to be transported from Midland County, Texas, one promissory note in the amount of \$254,400.00, signed by J. C. Barnes, Jr., and one chattel mortgage in favor of Superior Manufacturing Company, covering 320 One Thousand Gallon Anhydrous Ammonia Tanks and other equipment to Los Angeles, California.

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56. On or about January 24, 1962, RUEL ALEXANDER, COLEMAN McSPADDEN, HAROLD ORR, and BILLIE SOL ESTES transported and caused to be transported from Los Angeles, California, to Amarillo, Texas, one check in the amount of \$798,680.96, drawn on the Security First National Bank of Los Angeles, California, dated January 23, 1962, payable to Superior Manufacturing Company, covering the above alleged transactions with J. C. Barnes, Sr., J. C. Barnes, Jr., W. F. Winn, and Russell J. Ramsdell.
57. On or about January 25, 1962, RUEL ALEXANDER, COLEMAN McSPADDEN, and HAROLD ORR caused part of the proceeds, exact amount being to your Grand Jurors unknown, of the above check for \$798,680.96, to be transported to BILLIE SOL ESTES in Pecos, Texas.

SEVENTH COUNT

(18 U. S. C. § 371)

That prior to January 1, 1960, and continuing thereafter until on or about March 5, 1962, in the El Paso and Pecos Divisions of the Western District of Texas, BILLIE SOL ESTES, COLEMAN McSPADDEN, RUEL ALEXANDER and HAROLD ORR conspired, with unlawful and fraudulent intent, to transport and cause to be transported, in interstate commerce, falsely made, forged, altered and counterfeited securities, knowing the same to have been falsely made, forged, altered and counterfeited, to wit, chattel mortgages and promissory notes, supposedly executed by persons purportedly purchasing non-existent anhydrous ammonia, acid storage and propane tanks, and other equipment, which securities were subsequently transported and caused to be transported by said defendants from the counties of Reeves, Hale, Hudspeth, Lubbock, Deaf Smith, Pecos, Lamb, Hockley, Culberson, Dawson, Potter, El Paso and Midland, to the Pacific Finance Company of Los

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Angeles, California; Commercial Credit Corporation, Baltimore, Maryland; Pioneer Finance Company, Detroit, Michigan; Walter E. Heller and Company, Chicago, Illinois; Associates Investment, South Bend, Indiana; First Acceptance Corporation, Minneapolis, Minnesota; and C. I. T. Corporation, New York, New York, in violation of Section 2314 of Title 18, United States Code, and to effect the object of their said conspiracy they did the following acts:

1. Each of the overt acts alleged in the preceding counts of this indictment, on the respective dates and in the respective places alleged therein.

EIGHTH COUNT

(18 U. S. C § 371)

That prior to January 1, 1960, and continuing thereafter until on or about March 5, 1962, within the El Paso and Pecos Divisions of the Western District of Texas, BILLIE SOL ESTES, COLEMAN McSPADDEN, RUEL ALEXANDER, HAROLD ORR and SUPERIOR MANUFACTURING COMPANY conspired, with unlawful and fraudulent intent, to knowingly transport and cause to be transported, in interstate commerce, from the States of California, Illinois, Maryland, Michigan, New York and Minnesota, to and into the State of Texas, including points in the Pecos Division of the Western District of Texas, certain securities of the value of \$5000.00 or more, to wit, checks from the Pacific Finance Company of Los Angeles, California; Commercial Credit Corporation, Baltimore, Maryland; Pioneer Finance Company, Detroit, Michigan; Walter E. Heller and Company, Chicago, Illinois; Associates Investments, South Bend, Indiana; First Acceptance Corporation, Minneapolis, Minnesota; C. I. T. Corporation, New York, New York; Kuykendall Investment Company, Lubbock, Texas; Caprock Investment, Lubbock, Texas, and Humphries Investment Company, of Texas, each of said defendants well knowing at the time

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that said checks had been taken by fraud, in violation of Section 2314 of Title 18, United States Code, and to effect the object of their said conspiracy they did the following acts:

1. Each of the overt acts alleged in the preceding seven counts of this indictment, on the respective dates and in the respective places alleged therein.

A True Bill.

Foreman of the Grand Jury

ERNEST MORGAN,
UNITED STATES ATTORNEY

Assistant U. S. Attorney